

# Notice of meeting and agenda

## **The City of Edinburgh Council**

**10.00 am, Thursday, 25 June 2015**

Council Chamber, City Chambers, High Street, Edinburgh

This is a public meeting and members of the public are welcome to attend

### **Contact**

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

Tel: 0131 529 4246

## **1. Order of business**

---

- 1.1 Including any notices of motion and any other items of business submitted as urgent for consideration at the meeting.

## **2. Declaration of interests**

---

- 2.1 Members should declare any financial and non-financial interests they have in the items of business for consideration, identifying the relevant agenda item and the nature of their interest.

## **3. Deputations**

---

- 3.1 If any

## **4. Minutes**

---

- 4.1 The City of Edinburgh Council of 28 May 2015 – submitted for approval as a correct record

## **5. Questions**

---

- 5.1 By Councillor Booth – Lease of Leith Theatre – for answer by the Convener of the Culture and Leisure Committee
- 5.2 By Councillor Booth – Council's Waste Prevention Strategy – for answer by the Convener of the Transport and Environment Committee
- 5.3 By Councillor Booth – Dog Fouling – for answer by the Convener of the Transport and Environment Committee
- 5.4 By Councillor Main – Scotland's Waste Regulations – for answer by the Convener of the Transport and Environment Committee
- 5.5 By Councillor Rose – Key Policy Awareness – for answer by the Convener of the Finance and Resources Committee

## **6. Leader's Report**

---

- 6.1 Leader's report (circulated)

## **7. Appointments**

---

- 7.1 Review of Appointments to Committees, Boards and Joint Boards for 2015/16 – report by the Director of Corporate Governance (circulated)

- 7.2 Appointments to 11 Cultural Boards and to the Boards of Edinburgh Leisure and Edinburgh International Conference Centre – report by the Director of Corporate Governance (circulated)
- 7.3 Appointment to the Boards of Cea8te, EDI and Subsidiary Companies and Creative Edinburgh – report by the Director of Economic Development (circulated)
- 7.4 Appointment to the Joint Committee of SESPLAN – report by the Acting Director of Services for Communities (circulated)
- 7.5 Appointment to the Edinburgh and Lothians Greenspace Trust Board - report by the Acting Director of Services for Communities (circulated)
- 7.6 Appointment to the Board of 6VT City Cafe – report by the Director of Children and Families (circulated)
- 7.7 Appointment to the Board of the Merchant Company Endowment Trust – report by the Chief Social Work Officer (circulated)

## **8. Reports**

---

- 8.1 Mortonhall Update – report by the Chief Executive (circulated)
- 8.2 Council Transformation Programme: Status Report – report by the Director of Corporate Governance (circulated)
- 8.3 Edinburgh Tram Extension – Draft Outline Business Case Preliminary Findings – report by the Acting Director of Services for Communities (circulated)
- 8.4 Extension of Contract for Consultancy Support for the Review of the Health and Social Care Budget – report by the Chief Executive (circulated)
- 8.5 Governance: Operational Governance Framework Annual Review 2015 – report by the Director of Corporate Governance (circulated)
- 8.6 Unaudited Financial Statements 2014/15 – report by the Director of Corporate Governance (circulated)
- 8.7 Lothian Pension Fund, Lothian Buses Pension Fund and Scottish Homes Pension Fund Annual Report 2015 (&Accounts) – Unaudited - report by the Director of Corporate Governance (circulated)

## 9. Motions

---

### 9.1 By Councillor Hinds – The Moonwalk Scotland

“Council congratulates The Moonwalk Scotland – Walk the Walk – on their tenth fundraising event in Edinburgh last weekend. In the ten years they have raised £18 million for Scotland which has helped to improve the lives of people with cancer. This funding has been used in partnership with NHS Lothian to renovate the Breast Ward and the Mammography Unit and to build a new operating theatre at the Western General Hospital.

Over 100,000 walkers have participated over the 10 years and Council congratulates all of them on this achievement. Council also congratulates all the staff and volunteers involved in making this event so successful and asks the Lord Provost to recognise this achievement in the most appropriate manner.

Because of this success Council also asks officers to work in partnership with The Moonwalk Scotland to secure a site for their event for the next three years as quickly as possible.”

### 9.2 By Councillor Booth – Transatlantic Trade and Investment Partnership (TTIP)

“This Council notes:

1. That the EU and USA launched negotiations in July 2013 on a Transatlantic Trade and Investment Partnership (TTIP).
2. That negotiations are underway to determine which goods and services TTIP will apply to and if new rules can be agreed to protect investors, harmonise standards, reduce tariffs and open new markets throughout the EU and USA.
3. That there has been no assessment carried out of the impact on local authorities.
4. That there has been no scrutiny of the negotiating texts by local government and no consultation on the negotiating texts with local government representatives.
5. That MPs and MSPs are also unable to scrutinise the negotiating documents.
6. That the proposed Investor State Dispute Settlement (ISDS) mechanism has been used by corporations to overturn democratic decisions by all levels of government at significant public cost.

This Council believes that:

7. TTIP could have a detrimental impact on local services, employment, suppliers and decision-making.
8. A thorough impact assessment of TTIP on local authorities must be undertaken before the negotiations can be concluded.
9. Local decision-making must be protected from ISDS.
10. The EU's food, environmental and labour standards are generally higher than those in the US, and that TTIP negotiations must raise and not lower these standards across the EU and USA.
11. Sourcing supplies and employment locally is important to strengthening local economies and meeting local needs. TTIP must not impact on local authorities' ability to act in the best interests of its communities.

This Council therefore agrees:

12. That the leader of the council will write to the Secretary of State for Communities and Local Government; the Cabinet Secretary for Finance, Constitution & Economy; Edinburgh MPs and MSPs and all Scottish MEPs raising the council's serious concerns about the potential impact of TTIP on local authorities and the secrecy of the negotiating process.
  13. That the leader of the council will write to Cosla to raise our serious concerns about the potential impact of TTIP on local authorities and ask them to raise these with the UK Government and Scottish Government on our behalf.
  14. To call on the Scottish Government to carry out an impact assessment on the impact of TTIP on local authorities.
  15. To make contact with other local authorities across Europe which are opposed to TTIP and to work with them and with local campaigners to raise awareness about the problems of TTIP.
  16. To contact the local authorities of municipalities twinned with Edinburgh asking them to consider passing a similar motion on TTIP."
- 9.3 By Councillor Rose - Elsie Inglis (1864 – 1917)

"Council:-

Elsie Inglis (1864-1917) was a well known Edinburgh doctor who played a significant role organising and delivering medical provision for women and

children in Edinburgh, as well as a compassionate and medical response in World War 1.

Her achievements include opening a maternity hospital, known as The Hospice, within 219 High Street and she was instrumental in setting up a midwifery resource centre. As a philanthropist she often waived fees for poor patients; she was a consultant at Edinburgh Hospital and Dispensary for Women and Children, which later became known as Bruntsfield Hospital.

During World War 1 she was instrumental in sending teams to staff relief hospitals in France, Russia and Serbia, serving with distinction in Serbia and Russia herself, contributing to the improvement of hygiene and the reduction of typhus and other epidemics.

Given current World War 1 commemorations, and in particular the opportunity arising from the 100<sup>th</sup> anniversary of her death, calls for a report to the October meeting of council outlining moves to commemorate her work and life and opportunities for a statue in Edinburgh's High Street or elsewhere."

## **Carol Campbell**

Head of Legal, Risk and Compliance

### **Information about the City of Edinburgh Council meeting**

---

The City of Edinburgh Council consists of 58 Councillors and is elected under proportional representation. The City of Edinburgh Council usually meets once a month and the Lord Provost is the Convener when it meets.

The City of Edinburgh Council usually meets in the Council Chamber in the City Chambers on the High Street in Edinburgh. There is a seated public gallery and the Council meeting is open to all members of the public.

### **Further information**

---

If you have any questions about the agenda or meeting arrangements, please contact Allan McCartney, Committee Services, City of Edinburgh Council, Business Centre 2.1, Waverley Court, 4 East Market Street, Edinburgh EH8 8BG, Tel 0131 529 4246, e-mail [allan.mccartney@edinburgh.gov.uk](mailto:allan.mccartney@edinburgh.gov.uk).

A copy of the agenda and papers for this meeting will be available for inspection prior to the meeting at the main reception office, City Chambers, High Street, Edinburgh.

The agenda, minutes and public reports for this meeting and all the main Council committees can be viewed online by going to [www.edinburgh.gov.uk/cpol](http://www.edinburgh.gov.uk/cpol).

For remaining items of business likely to be considered in private, see separate agenda.

## Webcasting of Council meetings

---

Please note: this meeting may be filmed for live and subsequent broadcast via the Council's internet site – at the start of the meeting the Lord Provost will confirm if all or part of the meeting is being filmed.

You should be aware that the Council is a Data Controller under the Data Protection Act 1998. Data collected during this webcast will be retained in accordance with the Council's published policy including, but not limited to, for the purpose of keeping historical records and making those records available via the Council's internet site.

Generally the public seating areas will not be filmed. However, by entering the Council Chamber and using the public seating area, you are consenting to being filmed and to the use and storage of those images and sound recordings and any information pertaining to you contained in them for web casting and training purposes and for the purpose of keeping historical records and making those records available to the public.

Any information presented by you to the Council at a meeting, in a deputation or otherwise, in addition to forming part of a webcast that will be held as a historical record, will also be held and used by the Council in connection with the relevant matter until that matter is decided or otherwise resolved (including any potential appeals and other connected processes). Thereafter, that information will continue to be held as part of the historical record in accordance with the paragraphs above.

If you have any queries regarding this, and, in particular, if you believe that use and/or storage of any particular information would cause, or be likely to cause, substantial damage or distress to any individual, please contact Committee Services on 0131 529 4105 or [committee.services@edinburgh.gov.uk](mailto:committee.services@edinburgh.gov.uk) .

## The City of Edinburgh Council

Edinburgh, Thursday 28 May 2015

**Present:-**

### **LORD PROVOST**

**The Right Honourable Donald Wilson**

### **COUNCILLORS**

Elaine Aitken  
Robert C Aldridge  
Norma Austin Hart  
Nigel Bagshaw  
Jeremy R Balfour  
Gavin Barrie  
Angela Blacklock  
Chas Booth  
Mike Bridgman  
Steve Burgess  
Andrew Burns  
Steve Cardownie  
Maggie Chapman  
Maureen M Child  
Bill Cook  
Nick Cook  
Gavin Corbett  
Cammy Day  
Paul G Edie  
Catherine Fullerton  
Nick Gardner  
Paul Godzik  
Joan Griffiths  
Bill Henderson  
Ricky Henderson  
Dominic R C Heslop

Lesley Hinds  
Sandy Howat  
Allan G Jackson  
Karen Keil  
David Key  
Richard Lewis  
Alex Lunn  
Melanie Main  
Adam McVey  
Eric Milligan  
Joanna Mowat  
Gordon J Munro  
Jim Orr  
Lindsay Paterson  
Ian Perry  
Alasdair Rankin  
Vicki Redpath  
Cameron Rose  
Frank Ross  
Jason G Rust  
Alastair Shields  
Stefan Tymkewycz  
David Walker  
Iain Whyte  
Norman Work



## 1. Minutes

---

### Decision

To approve the minute of the Council of 30 April 2015 as a correct record.

## 2. Questions

---

The questions put by members to this meeting, written answers and supplementary questions and answers are contained in Appendix 1 to this minute.

## 3 Leader's Report

---

The Leader presented his report to the Council. The Leader commented on:

- Appointment of Chief Executive
- General Election – thanks to Council staff
- Congratulations to Councillor Brock and Ian Murray on election as MPs
- Congratulations to the Communications team for winning the In House Public Relations Team of the Year 2015

The following questions/comments were made:

- |                     |  |
|---------------------|--|
| Councillor Bridgman | - Kitchen and bathroom replacement programme – acceleration of programme   |
| Councillor Day      | - Cathy King retiral – appreciation for yearS of service within the Housing Service and commend her for her dedication and leadership of award winning developments and partnerships |
| Councillor Hinds    | - NKS Organisation – Heritage Lottery Funding - publication of “Passage to Scotland”<br>- Closure of local branches of RBS and Bank of Scotland                                      |
| Councillor Burgess  | - Local Development Plan   |
| Councillor Work     | - Sponsorship for abseil from the Forth Bridge for Dementia Awareness and Carers weeks   |
| Councillor Heslop   | - Local Development Plan - delay   |

- |                      |  |
|----------------------|--|
| Councillor Lewis     | - Assembly Rooms - recipient of Green Tourist Business Scheme Award and use during General Election debates – congratulations to staff   |
| Councillor Edie      | - Cathy King – credit for leading an extraordinary team<br>- Elections - congratulations to Councillor Deidre Brock<br>- Local Development Plan  |
| Councillor Munro     | - GRBV Committee – Management issues relating to Lothian Buses   |
| Councillor Rose      | - Congratulations and thanks to the election team<br>- Congratulations to Andrew Kerr<br>- Congratulations and thanks to Cathy King<br>- Congratulations to Councillor Deidre Brock<br>- Local Development Plan – reasonably priced housing within Edinburgh |
| Councillor Corbett   | - Applaud Cathy King<br>- Applaud Councillor Work<br>- Applause within the Council Chamber   |
| Councillor Redpath   | - Adult Achievement Awards   |
| Councillor Cardownie | - Congratulations to Cathy King<br>- Government Policy to sell Housing Association houses in England   |

#### **4. Appointment of Depute Convener**

---

The Council had appointed Councillor Brock as Depute Convener on 17 May 2012.

Councillor Brock had now resigned from this position and the Council was invited to appoint a member in her place.

#### **Decision**

To appoint Councillor Cardownie to the vacant position of Depute Convener.

(References – Act of Council No 3 of 17 May 2012; report by the Director of Corporate Governance (submitted))

## **5. Review of Appointments to Committees, Boards and Joint Boards 2015/16**

---

The Council was invited to appoint members to Committees, Boards and Joint Boards for the municipal year 2015/2016.

### **Decision**

- 1) To amend the political balance of the Planning Committee to 6 Labour, 5 SNP, 3 Conservative and 1 Green.
- 2) To approve the appointments for 2015/16 as detailed in Appendices 2, 3, 4 and 5 to this minute, subject to further review at the Council meeting on 25 June 2015.

(Reference – report by the Director of Corporate Governance, submitted.)

## **6. Appointment of Parent Representative to the Education, Children and Families Committee**

---

The Council had revised the terms of office for the parent representative on the Education, Children and Families Committee to two and a half years.

Details were provided on the appointment of a new parent representative on the Committee.

### **Motion**

- 1) To confirm the appointment of Alexander Ramage as the parent representative on the Education, Children and Families Committee commencing session 2015-16 (term of office to run from July 2015 to May 2017).
- 2) To agree that the appointment be conditional upon confirmation that the appointee would comply with the Councillors' Code of Conduct and on membership of the Protection of Vulnerable Groups (PVG) Scheme.
- 3) To thank Lindsay Law for her valued contribution to the work of the Education, Children and Families Committee during her term as parent representative.

- moved by Councillor Godzik, seconded by Councillor Fullerton

### **Amendment**

- 1) To confirm the appointment of Alexander Ramage as the parent representative on the Education, Children and Families Committee

commencing session 2015-16 (term of office to run from July 2015 to May 2017).

- 2) To agree that the appointment be conditional upon confirmation that the appointee would comply with the Councillors' Code of Conduct and on membership of the Protection of Vulnerable Groups (PVG) Scheme.
- 3) To thank Lindsay Law for her valued contribution to the work of the Education, Children and Families Committee during her term as parent representative.
- 4) To recognise that a second parent member on the Committee could provide continuity, continued representation where one parent member was unavailable, share the workload and improve effective representation. Therefore calls for the inclusion of options for an additional parent member of the Committee in the annual Governance Framework Report to be considered by Council in June this year.

- moved by Councillor Main, seconded by Councillor Corbett

### **Voting**

The voting was as follows:

For the motion	-	45 votes
For the amendment	-	6 votes

### **Decision**

To approve the motion by Councillor Godzik.

(References – Act of Council No 12 of 24 October 2013; report by the Director of Corporate Governance, submitted.)

## **7. Appointment to the Board of NHS Lothian**

---

The Council had nominated Councillor Ricky Henderson, as Convener of the Health, Social Care and Housing Committee, as a non-Executive Director of the Board of NHS Lothian.

In accordance with Scottish Government advice to Health Board members, Councillor Henderson had resigned from the Board prior to submitting nomination papers as a candidate in the recent General Election. The Council was asked to nominate Councillor Ricky Henderson to the Board of NHS Lothian in order that he could resume his place on the Board.

## **Decision**

To nominate Councillor Ricky Henderson, as Convener of the Health, Social Care and Housing Committee, to the Board of NHS Lothian.

(References – Act of Council No 2 of 24 May 2012; report by the Director of Corporate Governance, submitted.)

## **8. Transport for Edinburgh Ltd – Appointment of Non-Executive Directors**

---

The Council had approved the appointment of three non-executive directors to the Board of Lothian Buses and extended the appointment of the three existing non-executive directors until July 2015.

Details were provided on a recruitment exercise which had been carried out by the Nominations Committee of Transport for Edinburgh to fill a number of vacancies on the boards of Lothian Buses and Transport for Edinburgh.

## **Decision**

- 1) To agree to amend the composition of the Board of Edinburgh Tram to include three non-executive directors.
- 2) To approve the appointment of Charles Monheim, Charlene Wallace and Andy Neal to the Board of Edinburgh Tram for a period of 3 years.
- 3) To approve the appointment of Charles Monheim as Chair designate of Edinburgh Tram.
- 4) To approve the appointment of Jim McFarlane, Susan Deacon, Tony Rose, Mark Yexley and Charlene Wallace to the Board of Lothian Buses for a period of 3 years.
- 5) To approve the appointment of Jim McFarlane as Chair designate of Lothian Buses.
- 6) To approve the appointment of Jim McFarlane and Charles Monheim to the Board of Transport for Edinburgh for a period of 3 years.
- 7) To agree to extend the appointment of Donald McLeod as a non-executive director of Lothian Buses for a further 2 years.

- 8) To agree to delegate authority to the Director of Services for Communities (or such other officer as he shall nominate) to exercise all voting rights and powers of control available to the Council to procure or facilitate the foregoing.

(References – Act of Council No 6 of 12 December 2013; report by the Chief Executive, submitted.)

### **Declaration of Interests**

Councillors Bagshaw, Hinds, McVey and Moway declared a non financial interest in the above item, as members of the Board of Transport for Edinburgh.

## **9. Appointments to Outside Bodies – Business Loans Scotland Ltd (Pan Scotland Local Authority Business Fund)**

---

The Council had agreed the membership of Business Loans Scotland Ltd, (the Pan Scotland Businesses Loan Fund). The Council was now asked to nominate a representative for the governance structure for the company.

### **Decision**

To appoint Councillor Ross as one elected Member to represent the City of Edinburgh Council in the governance for Business Loans Scotland Ltd.

(References – Act of Council No 11 of 30 April 2015; report by the Director of Economic Development, submitted.)

## **10. Appointment to the Board of Edinburgh International Festival Council**

---

The Council had re-appointed Councillor Mowat to the board of Directors of the Edinburgh International Festival Council on 24 May 2012.

Councillor Mowat had now completed the maximum period of two terms on the board of Directors and the Council was invited to appoint a member in her place.

### **Decision**

To appoint Councillor Whyte to the board of Directors of Edinburgh International Festival Council.

(References – Act of Council No 2 of 24 May 2012; report by the Director of Corporate Governance, submitted.)

## 11. Succession Planning – Chief Executive - Recruitment

---

The Corporate Policy and Strategy Committee had agreed a timetable for recruitment and the composition of the Recruitment Committee for the appointment of a successor Chief Executive.

Details were provided on the Recruitment Committee's recommendation for appointment to the post of Chief Executive.

### **Decision**

To agree to the appointment of Andrew Kerr to the post of Chief Executive subject to any necessary pre-employment checks.

(References – Corporate Policy and Strategy Committee of 24 March 2015 (item 5); report by the Chief Executive, submitted.)

## 12. Capital Coalition Pledges Performance Monitoring November 2014-April 2015

---

The Council had agreed the Capital Coalition pledges, noting arrangements for delivery and reporting on performance of these pledges every six months.

An update was provided on the performance against the Capital Coalition's Pledges for November 2014 to April 2015.

### **Motion**

- 1) To welcome the third, annual Performance Monitoring Report, on the Capital Coalition Pledges.
- 2) To note that reporting of the pledges complemented wider corporate performance reporting to Committees.
- 3) To agree performance against the Capital Coalition's Pledges for November 2014 to April 2015.
- 4) To acknowledge the significant challenges proposed by the transformation programme which supported the delivery of the Capital Coalition Pledges and also note the Green amendment, and commentary, in broad support of their delivery.
- 5) To note the following regarding the Capital Coalition Pledges:

**Pledge 8** - the need to ensure that the Local Development Plan and the Strategic Housing Investment Plan delivers on the “brownfield sites first” commitment;

**Pledge 9** - the need to ensure that homes being built under affordable housing programmes are benefiting people in the most acute housing need and that the homes being built are available at below market cost for the long term;

**Pledge 10** - to welcome the introduction of an Empty Homes Officer and to recognise the need to demonstrate that empty homes are being brought back into use by council interventions, so reducing pressure on new housing land;

**Pledge 12** - the need to ensure that progress in developing alcohol treatment programmes is matched by best practice and sound evidence in licensing policy;

**Pledge 15** - to recognise that inward investment should be targeted at those sectors which best enhance Edinburgh’s vision of a sustainable, low-carbon, jobs-rich economy, rather than displacing home-grown business;

**Pledge 16** - the growing importance of the social enterprise sector to the city, the need for further tailored support to enhance growth and to ensure that asset disposal processes reflect the benefits of the social enterprise sector;

**Pledge 17** - to progress the inclusion within the Edinburgh Region City Deal of a criterion on developing a sustainable, low carbon economy;

**Pledge 20** - the need to improve performance to ensure that the Council meets its targets on business rates receipts and so joins other councils receiving payment under the Business Rates Incentivisation Scheme;

**Pledges 21 & 24** – to welcome the growing consensus for a Transient Visitor Levy at a time of increased strain on core council budgets and the need to press Scottish Ministers more firmly on enabling local authorities to take decisions in the best interests of the localities they are elected to serve;

**Pledge 25** - the importance of ensuring that Living Wage annual uprates are passed on to employees at the earliest opportunity, and of actively encouraging Council subsidiaries and contractors to pay the Living Wage;

**Pledge 30** - the need to make an imaginative and comprehensive submission to the Scottish Government’s Commission on Local Tax Reform, to ensure that greater funding opportunities are identified;



**Pledge 32** - to respond to continuing concerns from community organisations about the lack of continuity in the arrangements for community policing;

**Pledge 33** - the value of Participatory Budgeting in increasing the profile of and public engagement with Neighbourhood Partnerships and the value of the approach being used in all Partnership areas;

**Pledge 40** - the importance of ensuring that private sector plans to maintain the built heritage of the city do not come at the cost of degrading the natural heritage of the city;

**Pledge 41** - to recognise the depth of anger and frustration felt by residents caught up in the failings of the former property conservation service and the need to ensure that the backlog cases are dealt with comprehensively and as swiftly as possible and that the new shared repairs puts high quality customer care and communication at the heart of how it works;

**Pledge 42 & 43** – to fully recognise the wider healthy and well-being value of investment in sport and leisure provision;

**Pledge 44** - to acknowledge the results of the latest Edinburgh People's Survey and the need to ensure joined-up inter-departmental working, and learning from best practice in other councils, in keeping streets cleaner;

**Pledge 49** - the need to meet incremental recycling targets and so reduce landfill tax pressures;

**Pledge 50** - the need to revise Council's annual CO2 targets in-line with 2020 targets and ensure the Strategic Energy Action Plan delivers against these targets;

**Pledge 51** - the need to make progress on Low Emission Zones to improve poor air quality and meet statutory European and Scottish air quality standards.

- moved by Councillor Burns, seconded by Councillor Howat

### **Amendment**

To note the report, note the previous Conservative amendments lodged May 2014 and November 2014 which had sought to improve both the pledges and the reporting process and agree that in light of a lack of improvements the current pledge and reporting process were flawed.

- moved by Councillor Rose, seconded by Councillor Whyte

## **Voting**

The voting was as follows:

For the motion	-	38 votes
For the amendment	-	13 votes

## **Decision**

To approve the motion by Councillor Burns.

(References – Act of Council No 8.1(a) of 23 August 2012; report by the Director of Corporate Governance, submitted.)

## **13 Proposed Lease of Custom House, Commercial Street, Leith**

---

The Finance and Resources Committee had approved a grant of an initial five year internal repairing lease and a further 99 year full repairing and insuring lease of Custom House to the Scottish Historic Building Trust.

Approval was sought for the funding of a feasibility study to develop a masterplan in consultation with the community for the long term future of Custom House, Commercial Street, Leith.

## **Decision**

To approve the allocation of £50,000 towards the cost of the feasibility study and master plan from available resources as set out in the Council's approved budget.

(References: Finance and Resources Committee 13 May 2015 (item 24); report by the Acting Director of Services for Communities, submitted.)

## **14. Edinburgh and South East Scotland City Region City Deal**

---

Details were provided on City Deals which had been secured by a number of UK Cities and in particular the development of an outline business case for an Edinburgh and South East Scotland City Region (ESESCR) City Deal proposal.

## **Decision**

- 1) To note the progress to date in developing an outline business case.
- 2) To approve the inter-authority city region working (as per TORS and Committee Delegated Functions 2.1.18).
- 3) To approve the release of funds for the procurement of technical support to assist with the development of a detailed City Deal proposal.

- 4) To delegate authority to the Director of Economic Development, in consultation with the Convenor and Vice Convenor of the Economy Committee, to appoint technical advisers.

(Reference: report by the Director of Economic Development, submitted.)

## **15. City Strategic Investment Fund – Industrial Units – referral from the Economy Committee**

---

The Economy Committee had referred a proposal to allocate £2,000,000 from the City Strategic Investment Fund for the development of a business park comprising 16 light industrial units at Cultins Road, Sighthill, to the Council for final approval of the release of funds.

### **Decision**

To approve the release of £2,000,000 from the City Strategic Investment Fund for the development of a business park comprising 16 light industrial units at Cultins Road, Sighthill.

(References: Economy Committee 28 April 2015 (item 8); referral report from the Economy Committee, submitted.)

## **16 250<sup>th</sup> Anniversary of the Birth of Thomas Muir – Motion by Councillor Lewis**

---

The following motion by Councillor Lewis was submitted in terms of Standing Order 16:

“Council notes that:

- Scotland has enjoyed an important role in promoting political democracy and of setting an example to others in this respect.
- 2015 will mark the 250<sup>th</sup> anniversary of the birth of Scotland’s foremost democratic champion, Thomas Muir of Huntershill. Thomas Muir spent his life promoting universal suffrage, establishing reform societies in Scotland and promoting votes for all.
- Thomas Muir had a strong connection with the Capital. He completed his law studies at the University of Edinburgh, prior to being admitted to the Faculty of Advocates in 1787 at the age of 22. He then established a large practise working from rooms at Carubbers Close near North Bridge. In 1792 Edinburgh hosted a ‘Convention of the Delegates of the Scottish friends of the People’ which called on government for parliamentary reform. Additionally the

Political Martyrs Monument on Calton Hill, erected in 1844 by the Friends of Parliamentary Reform, commemorates five political reformists among them Thomas Muir.

- To mark this anniversary, various historical groups in Scotland are planning a series of events throughout the year. In Edinburgh it is intended that the Martyrs Monument will provide an appropriate focus for a commemoration service followed by a parade to the Scottish Parliament. Edinburgh will promote a better understanding and recognition of the prominent memorial to Thomas Muir and the other political ‘martyrs’ in Old Calton Burial Ground.
- The Museum of Edinburgh will hold an Enlightenment-focussed exhibition over the summer. ‘A Clearer Light’ is the story of Thomas Muir’s contemporary Sir David Dalrymple a lawyer, writer and influential Edinburgh figure who lived at Newhailes in Musselburgh. The exhibition will run from end of June to September. A Thomas Muir display will also be in place at Central Library.
- Members are encouraged to support these commemorative events.”

### **Decision**

To approve the motion by Councillor Lewis.

## Appendix 1

(As referred to in Act of Council No 2 of 28 May 2015)

### QUESTION NO 1

**By Councillor Jackson for answer by the Convener of the Transport and Environment Committee at a meeting of the Council on 28 May 2015**

In regard to the installation/fitting of LED street lanterns.

**Question** (1) Have any complaints been received in the streets where they have been installed?

**Answer** (1) Yes

**Question** (2) If so how many individual complaints and from how many streets?

**Answer** (2) 331 complaints have been received over 133 streets out of a total of 537 streets involved in the upgrading project.

**Question** (3) Have any planned installations been put on hold?

**Answer** (3) No

**Question** (4) If so how many and where?

**Answer** (4) Although no planned installations have been put on hold we are currently dealing with concerns raised about community safety in the Stronger North area.

As a result of these concerns, rather than increasing the light output of the LED lanterns as we have done on other streets, we have installed alternative LED lanterns which provide a wider light distribution and greater light output on two of the streets in this area.

The North Neighbourhood Office will engage with affected residents to determine if this change has been successful and, if it has, we will install this alternative LED lantern throughout the Stronger North area.

**Question** (5) What is the current situation regarding dealing with any reported problems/complaints?

**Answer** (5) In order to analyse complaints received and determine an appropriate solution we have categorised received complaints as follows:

- First Priority; streets where more than 5% of households have complained. This affects 44 streets, 535 street lights and 181 complaints.
- Second Priority; streets where less than 5% of households have complained and we have received complaints from Councillors, reflecting local community concerns. This affects 24 streets, 512 street lights and 63 complaints.
- Third Priority; streets where less than 5% of households have complained and there is no Councillor involvement. This affects 65 streets, 938 street lights and 87 complaints.

**Question** (6) Have the scheduled reviews been carried out as planned?

**Answer** (6) Following a review, it was agreed that all lighting levels in First Priority streets would be increased to a higher Street Lighting Design Class, after which post works night appraisals would be carried out to evidence that the higher Design Class has been achieved.

This work has been completed and post works night appraisals have shown that the higher Design Class has been achieved.

Letters are in the process of being issued to residents who had previously complained to let them know about the changes that have been made.

Analysis of Second Priority streets is now ongoing.

**Question** (7) Has the current programme been completed, if not what is the estimated completion date?

**Answer** (7) Excluding work affecting 238 lights in the Stronger North area, it is anticipated that the current programme will be completed by late May/early June 2015.

**Supplementary Question (1)** First of all can I thank the Convener for her response. I think it's fair to say that this hasn't really been a roaring success so far, about 25% of the streets there's been objections from. I think the main thing really we've had is concerns about the reduction in overall street lighting. Immediately under the lights is nice and bright but the space between is pretty dark and people are concerned about community safety and indeed you'll see in Answer 4 that that has been raised in the Stronger North area. I feel that throughout the City that seems to be the problem.

Some of my colleagues were wondering if perhaps we could have a list of the streets where the problems have come from – 133 – so I would really ask if possible, ask the Convener where we go from here given the fact that we've had to change the street lighting going into the Stronger North area and if that proves to be a success would we consider perhaps looking again at the introduction of these across the City, perhaps use these different kind of lanterns in the future?

**Supplementary Answer (1)** You will be aware Councillor Jackson, you are a member of the Transport and Environment Committee and there was, if you remember, a number of pilot schemes throughout the City which looked at different types of LED lighting and that was then reported back to the Transport and Environment Committee with the results of that, and the results of that review, then instructed and gave information in terms of the LED lighting that then came throughout the City. You also will be aware as a member of that Committee that this is interest free funding that's available and the issue of LED lighting is about light pollution but also for saving money in the future as well. I'm sure all the Council would be supportive of that.

One of the concerns I certainly had was that no letter was sent out to the streets informing them about the LED lighting, when it was happening and why it was happening. I instructed the officers to get that right because it wasn't right people didn't know that's happened in the next phase and where there's been less complaints where people are aware why the lighting's being replaced and the reasons for it and a complaint process to go through.

Also we have responded, if I remember correctly, I think there was a briefing note, I think at least one if not two briefing notes sent out to all Councillors giving them a background where the complaints have come from.

Quite happy there's a list of streets and how we've dealt with them and what we have done is responded to where there are concerns in terms of the level of light or perhaps where there needs to be new lighting put in. I'm sure all the Councillors are supportive of the replacement of LED lighting and we're always reviewing and always learning from these issues. I think overall the people have been supportive of LED lighting in areas where perhaps we need to increase light, we need to put extra lights in and I think your question was, I'm happy to send, if you want, all the streets where there has been and how we've dealt with them. Also as always, we will review and will be reporting back to the Transport and Environment Committee which you are a part of and we will decide on how we are rolling it out, how we can fund it, but there's a commitment by this Council and by the Committee to replace all the lights in the city in LED lighting because of light pollution and look in the future in terms of budgets and cost of the power etc in the future.

**Supplementary Question (2)** Just one supplementary if I may. Happy with that, very grateful for what you said there. The only thing I was wanting to come back to briefly is that if we do have a different kind of lantern which is being installed in the Safer North area is it possible for us to think about that particular lantern being used elsewhere as we roll this out across the City?



**Supplementary Answer (2)**

As the briefing gave you the alternatives and how we had gone through the pilot schemes and how we looked at the ones to put in, as I said we're always reviewing, we're always looking at where we can get it better, and where we can get the light and the principle of the light pollution and also the saving of money in terms of going forward in the budget and we will always look at that.

Each street is quite different and I'd be happy to give you, which I think was sent in the briefing which takes each street, whether it's a main road, a side street etc which then gives that out, I'd be quite happy to review and look at how it's been successful in areas where the challenges have been and looking at the new lights, looking at new technology which will always come along and always willing to concern and look at those reviews and implement the best scheme that we can in the City.

**QUESTION NO 2**

**By Councillor Rose for answer by the  
Convener of the Transport and  
Environment Committee at a meeting  
of the Council on 28 May 2015**

**Question**

The Council website contains a webpage for current delays to rubbish and recycling collections. This is updated from time to time. Is the list on the website the full list of delays?

**Answer**

The Council website page, "delays to rubbish and recycling collections" is updated each weekday morning.

The information supplied concerning delays is derived from the Confirm system in conjunction with verbal and electronic daily updates from refuse collection supervisors.

Based on the above combination of data gathering the website page 'delays to rubbish and recycling collections' is deemed to be a full and accurate list of daily delays.

**Supplementary  
Question**

I'm very grateful to the Convener for her response and indeed for the webpage which the question is about which I think came about as a result of a question that I asked a couple of years ago and it's very helpful for people to have this to refer to. I note that, and it's very helpful to know, that it is accurate and up to date, I note that today's version at 8.15 this morning includes delays to domestic bins yesterday in Colinton, Fairmilehead, Fountainbridge and Craiglockhart; to food waste bins in Southside and Newington; and to garden waste bins in Pentland Hills, Corstorphine, Murrayfield, City Centre, Meadows, Morningside, Southside, Newington, Sighthill and Gorgie area.

The delays recorded on this webpage are quite extensive.

Can you tell me whether they are incorporated in any of the metrics of performance that we use for waste and recycling collections.

**Supplementary  
Answer**

What happens is that through the Confirm and the new system that comes in which then can be within the cabs etc is then put into a system and what we try to do is to update people, so that people are aware that a complaint has come forward and that that's been addressed and that's been dealt with. So there is a process and if you have any suggestions or anyone's got any suggestions on how that can be improved, I'm quite happy to take that on board.

**QUESTION NO 3**

**By Councillor Rose for answer by the  
Convener of the Transport and  
Environment Committee at a meeting  
of the Council on 28 May 2015**

**Question** (1) What has been the impact of the steep fall in the price of oil over the past year on the Council's plastics recycling policy and activity?

**Answer** (1) To date there have been no changes to the Council's recycling activities and policy as a result of the fall in oil prices. In particular the outlets who receive and sort the materials collected in Edinburgh have continued to be able to place materials in the market.

**Question** (2) What has been the financial impact to date and what is the projected financial impact, if any, on the Council's recycling policies and its revenue spend, including takings from the sale of plastics for recycling and cost from landfill taxes?

**Answer** (2) There has been a 40% cost increase to process the mixed packaging materials collected in the communal packaging banks. This increase is not solely attributable to the fall in oil price but a reflection of the recycling market in general terms. It should be noted that despite the increase in cost of recycling this particular material stream, disposal to landfill remains three times more expensive.

Materials collected in the new kerbside recycling service are processed via Palm Recycling and we receive a share of the income they receive for these materials. These prices are variable due to fluctuation in the recycling market. However because plastics do form a small percentage of the waste stream by weight this has a limited impact from a budget perspective. Between September 2014 and March 2015 the income for plastics has fallen by approximately 6% (£5 per tonne) overall; however in some months during this period it has increased or fallen by as much as 9% in a month, and we would expect this variability to continue.

**QUESTION NO 4**

**By Councillor Rose for answer by the  
Convener of the Finance and  
Resources Committee at a meeting  
of the Council on 28 May 2015**

Whistleblowing Policy - May 2014

Given that the policy states that there is "Protection against  
Victimisation" (section 6) for whistleblowers can you:-

**Question** (1) State who is responsible for ensuring that support is given?

**Answer** (1) Since the introduction of the whistleblowing pilot in May  
2014, support for those making an allegation under the  
Council's whistleblowing arrangements has been arranged  
on a case by case basis and subject to individual  
requirements.

This has been undertaken through consultation with the  
Monitoring Officer's whistleblowing team, appropriate chief  
officers and the Council's external provider.

**Question** (2) Demonstrate how effective this has been in the individual  
cases since its inception in May 2014?

**Answer** (2) An independent review of the Council's whistleblowing pilot  
and arrangements is currently underway.

The findings of the review will be reported to the Finance  
and Resources Committee in August 2015.

**Supplementary  
Question** (1) I'm grateful to the Convener for his answer. His answer  
refers to an independent review of the Council's  
whistleblowing policy pilot and arrangements are underway  
for that. Can he just give me a word or two on the  
independent part of that response. In what way will it be  
independent, who will be doing the review?

**Supplementary  
Answer** (1) I thank Councillor Rose for his question. I have to say I'm  
not fully sighted on who'll be carrying that out but it will be  
somebody of quite independent standing.

**Supplementary  
Question** (2) Does that mean from outwith the Council or from another  
Department?

**Supplementary Answer (2)** It may well be somebody from outside but I think that's a matter that's yet to be determined. As the individual needs to be independent, I can't see that there would be any difficulty in principle with that individual being external.

**QUESTION NO 5**

**By Councillor Whyte for answer by  
the Convener of the Transport and  
Environment Committee at a meeting  
of the Council on 28 May 2015**

The Council charges for Residents Parking Permits based upon the vehicle emissions category with the aim of encouraging residents to own lower emissions vehicles.

Please provide information detailing for each permit zone:

**Question** (1) The number of permits issued, the cost of a permit and the total revenue generated per annum from these permits immediately prior to the introduction of the emissions based charging scheme.

**Answer** (1) In 2009/10 Permits were set at £160 per annum within Zones 1 to 4, and £80 per annum in Zones 5 to 8, N1 to N5 and S1 to S4. The permit prices were introduced in October 1996 when they increased from £120 and £60 respectively.

Approximately 17,000 permits were issued per annum and £1,780,245.42 was generated.

**Question** (2) The number of permits issued for each vehicle category, the cost of a permit by category and the total revenue generated per annum from these permits for each category immediately after the introduction of the emissions based charging scheme;

**Answer** (2) See attached breakdown - 2011/12, 25,221 permits in total and £1,947,307 revenue was generated.

**Question** (3) The most recent figures for the number of permits issued for each vehicle category, the cost of a permit by category and the total revenue generated per annum from these permits for each category.

**Answer** (3) See attached breakdown 2014/15, 27,150 permits in total and £2,480,816 was generated.

**CENTRAL ZONES PERMIT NUMBERS 2011-12**

	<b>Bands</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
	<b>Engine size (cc)</b>	<b>0-1000</b>	<b>1001-1800</b>	<b>1801-2500</b>	<b>2501-3000</b>	<b>3001+</b>
	<b>CO2 (g/km)</b>	<b>0-100</b>	<b>101-150</b>	<b>151-185</b>	<b>186-225</b>	<b>226+</b>
<b>Permit 1</b>	3 Month	n/a	871	486	144	116
	6 Month	n/a	577	373	148	83
	12 Month	39	730	673	257	238
<b>Permit 2</b>	3 Month	n/a	84	35	11	7
	6 Month	n/a	66	45	17	10
	12 Month	10	95	65	40	28

**5,248**

	<b>Bands</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
	<b>Engine size (cc)</b>	<b>0-1000</b>	<b>1001-1800</b>	<b>1801-2500</b>	<b>2501-3000</b>	<b>3001+</b>
	<b>CO2 (g/km)</b>	<b>0-100</b>	<b>101-150</b>	<b>151-185</b>	<b>186-225</b>	<b>226+</b>
<b>Permit 1</b>	3 Month	n/a	£36,364	£22,842	£8,280	£10,324
	6 Month	n/a	£45,295	£33,197	£16,280	£14,359
	12 Month	£2,048	£107,310	£113,064	£53,970	£79,968
<b>Permit 2</b>	3 Month	n/a	£4,284	£2,013	£776	£770
	6 Month	n/a	£6,402	£4,950	£2,316	£2,150
	12 Month	£10	£17,480	£13,650	£10,500	£11,760

**£620,361**



**PERIPHERAL AND EXTENDED ZONES PERMIT NUMBERS 2011-12**

	Bands	1	2	3	4	5
	Engine size (cc)	0-1000	1001-1800	1801-2500	2501-3000	3001+
	CO2 (g/km)	0-100	101-150	151-185	186-225	226+
<b>Permit 1</b>	3 Month	n/a	1,811	1,097	267	146
	6 Month	n/a	1,993	1,359	362	208
	12 Month	156	4,574	3,597	1,120	612
	3 Month	n/a	220	127	12	9
<b>Permit 2</b>	6 Month	n/a	246	142	36	21
	12 Month	53	660	453	130	60

**19,471**

	Bands	1	2	3	4	5
	Engine size (cc)	0-1000	1001-1800	1801-2500	2501-3000	3001+
	CO2 (g/km)	0-100	101-150	151-185	186-225	226+
<b>Permit 1</b>	3 Month	n/a	£42,106	£28,522	£8,344	£6,862
	6 Month	n/a	£83,208	£63,873	£20,815	£18,512
	12 Month	£4,095	£336,189	£302,148	£117,600	£102,816
	3 Month	n/a	£6,160	£3,969	£453	£518
<b>Permit 2</b>	6 Month	n/a	£12,546	£8,165	£2,538	£2,310
	12 Month	£1,749	£60,720	£47,565	£17,063	£12,600

**£1,311,444**

**PPA PERMIT NUMBERS 2011-12**

	Bands	1	2	3	4	5
	Engine size (cc)	0-1000	1001-1800	1801-2500	2501-3000	3001+
	CO2 (g/km)	0-100	101-150	151-185	186-225	226+
<b>Permit 1</b>	3 Month	n/a	3	3	0	1
	6 Month	n/a	11	8	1	1
	12 Month	3	136	177	62	20
<b>Permit 2</b>	3 Month	n/a	0	0	0	1
	6 Month	n/a	0	0	0	1
	12 Month	5	45	22	1	1

**502**

**25,221**

	Bands	1	2	3	4	5
	Engine size (cc)	0-1000	1001-1800	1801-2500	2501-3000	3001+
	CO2 (g/km)	0-100	101-150	151-185	186-225	226+
<b>Permit 1</b>	3 Month	n/a	£35	£38	£0	£20
	6 Month	n/a	£201	£160	£24	£35
	12 Month	£28	£3,570	£5,310	£2,325	£1,200
<b>Permit 2</b>	3 Month	n/a	£0	£0	£0	£29
	6 Month	n/a	£0	£0	£0	£48
	12 Month	£59	£1,476	£825	£47	£75

**£15,502**

**£1,947,307**

**CENTRAL ZONES PERMIT NUMBERS 2014-15**

	Bands	1	2	3	4	5
	Engine size (cc)	0-1000	1001-1800	1801-2500	2501-3000	3001+
	CO2 (g/km)	0-100	101-150	151-185	186-225	226+
<b>Permit 1</b>	3 Month	n/a	800	416	167	121
	6 Month	n/a	560	332	111	70
	12 Month	141	1,087	640	248	222
	3 Month	n/a	104	36	9	10
<b>Permit 2</b>	6 Month	n/a	82	37	11	8
	12 Month	23	162	86	39	17

**5,539**

	Bands	1	2	3	4	5
	Engine size (cc)	0-1000	1001-1800	1801-2500	2501-3000	3001+
	CO2 (g/km)	0-100	101-150	151-185	186-225	226+
<b>Permit 1</b>	3 Month	n/a	£40,400	£23,712	£11,690	£13,129
	6 Month	n/a	£53,200	£35,856	£14,819	£14,735
	12 Month	£8,883	£192,943	£130,560	£62,992	£90,576
<b>Permit 2</b>	3 Month	n/a	£6,396	£2,520	£774	£1,335
	6 Month	n/a	£9,676	£4,940	£1,815	£2,088
	12 Month	£1,840	£36,126	£21,844	£12,441	£8,653

**£803,941.**

**PERIPHERAL AND EXTENDED ZONES PERMIT NUMBERS 2014-15**

	Bands	1	2	3	4	5
	Engine size (cc)	0-1000	1001-1800	1801-2500	2501-3000	3001+
	CO2 (g/km)	0-100	101-150	151-185	186-225	226+
<b>Permit 1</b>	3 Month	n/a	1,563	831	220	183
	6 Month	n/a	1,968	1,157	337	214
	12 Month	553	6,003	3,308	1,001	508
<b>Permit 2</b>	3 Month	n/a	257	114	28	16
	6 Month	n/a	357	138	43	23
	12 Month	127	897	395	143	0
						<b>20,384</b>

**PERIPHERAL AND EXTENDED ZONES PERMIT NUMBERS 2014-15**

	Bands	1	2	3	4	5
	Engine size (cc)	0-1000	1001-1800	1801-2500	2501-3000	3001+
	CO2 (g/km)	0-100	101-150	151-185	186-225	226+
<b>Permit 1</b>	3 Month	n/a	£43,764	£26,592	£8,470	£10,431
	6 Month	n/a	£99,384	£65,949	£23,590	£23,112
	12 Month	£17,420	£534,267	£337,416	£127,127	£103,632
<b>Permit 2</b>	3 Month	n/a	£8,738	£4,332	£1,288	£1,120
	6 Month	n/a	£21,956	£9,660	£3,698	£3,071
	12 Month	£5,017	£99,567	£50,165	£22,737	£0
						<b>£1,652,501.00</b>

**PPA PERMIT NUMBERS 2014-15**

	Bands	1	2	3	4	5
	Engine size (cc)	0-1000	1001-1800	1801-2500	2501-3000	3001+
	CO2 (g/km)	0-100	101-150	151-185	186-225	226+
<b>Permit 1</b>	3 Month	n/a	13	7	1	2
	6 Month	n/a	20	15	5	3
	12 Month	33	517	364	118	50
<b>Permit 2</b>	3 Month	n/a	1	0	0	1
	6 Month	n/a	1	1	1	1
	12 Month	14	5	40	8	6

**1,227**  
**27,150**

**PPA PERMIT NUMBERS 2014-15**

	Bands	1	2	3	4	5
	Engine size (cc)	0-1000	1001-1800	1801-2500	2501-3000	3001+
	CO2 (g/km)	0-100	101-150	151-185	186-225	226+
<b>Permit 1</b>	3 Month	n/a	£13	£95	£16	£43
	6 Month	n/a	£20	£323	£130	£114
	12 Month	£330	£517	£11,830	£4,779	£3,250
<b>Permit 2</b>	3 Month	n/a	£20	£0	£0	£32
	6 Month	n/a	£29	£31	£36	£52
	12 Month	£0	£178	£1,640	£408	£492

**£24,374.00**  
**£2,480,816.00**

## APPENDIX 2

(As referred to in Act of Council No 5 of 28 May 2015)

### APPOINTMENTS FOR 2015/2016

#### CONVENERS AND VICE CONVENERS OF COMMITTEES

<b>EXECUTIVE COMMITTEES</b>		
Corporate Policy and Strategy (Leader and Deputy Leader of the Council as Convener and Vice Convener)	Convener: Vice-Convener:	Councillor Burns Councillor Howat
Communities and Neighbourhoods (Capital Coalition members)	Convener: Vice-Convener:	Councillor Child Councillor Lunn
Culture and Sport (Capital Coalition members)	Convener: Vice-Convener:	Councillor Lewis Councillor Austin Hart
Economy (Capital Coalition members)	Convener: Vice-Convener:	Councillor Ross Councillor Munro
Education, Children and Families (Capital Coalition members)	Convener: Vice-Convener:	Councillor Godzik Councillor Fullerton
Finance and Resources (Capital Coalition members)	Convener: Vice Convener:	Councillor Rankin Councillor Bill Cook
Health, Social Care and Housing (Capital Coalition members)	Convener: Vice-Convener:	Councillor Ricky Henderson Councillor Day
Transport and Environment (Capital Coalition members)	Convener: Vice-Convener:	Councillor Hinds Councillor McVey
<b>OTHER COMMITTEES</b>		
Governance, Risk and Best Value (Conservative Group member as Convener)	Convener:	Councillor Balfour
Police and Fire Scrutiny Committee	Convener: Vice-Convener:	Councillor Bridgman Councillor Redpath

Leadership Advisory Panel (Leader of the Council as Convener)	Convener:	Councillor Burns
Petitions (Green Group member as Convener)	Convener:	Councillor Chapman
Pensions (Capital Coalition member as Convener)	Convener:	Councillor Rankin
Planning/Development Management Sub	Convener: Vice-Convener:	Councillor Perry Councillor Dixon
Regulatory/Licensing Sub	Convener: Vice Convener:	Councillor Barrie Councillor Blacklock
Committee on the Jean F Watson Bequest	Convener:	To be appointed from agreed Committee membership
<b>APPEALS</b>		
Committee on Discretionary Rating Appeals	Convener:	To be appointed from agreed Committee membership
Personnel Appeals Committee	Convener:	Councillor Austin Hart
Committee on Pupil/Student Support	Convener:	Councillor Godzik
Placing in Schools Appeals		Independent Chairperson
Social Work Complaints Review Committee		Independent Chairperson
<b>RECRUITMENT</b>		
Recruitment Committee	Convener:	Council Leader

## APPENDIX 3

(As referred to in Act of Council No 5 of 28 May 2015)

### APPOINTMENTS 2015/16

#### MEMBERSHIP OF COMMITTEES

**Corporate Policy and Strategy Committee** – 15 members – 5 Labour, 4 Scottish National Party, 3 Conservative, 2 Green, 1 Scottish Liberal Democrat

Leader of the Council (Councillor Burns) (Convener)	Convener of the Health, Social Care and Housing Committee (Councillor Ricky Henderson)
Deputy Leader of the Council (Councillor Howat) (Deputy Convener)	Convener of the Transport and Environment Committee (Councillor Hinds)
Convener of the Communities and Neighbourhood Committee (Councillor Child)	Councillor Rose
Convener of the Culture and Sport Committee (Councillor Lewis)	Councillor Mowat
Convener of the Economy Committee (Councillor Ross)	Councillor Rust
Convener of the Education, Children and Families Committee (Councillor Godzik)	Councillor Burgess
Convener of the Finance and Resources Committee (Councillor Rankin)	Councillor Chapman
	Councillor Edie

#### EXECUTIVE COMMITTEES

**Communities and Neighbourhoods Committee** – 13 members – 5 Labour, 4 Scottish National Party, 2 Conservative, 1 Green, 1 Scottish Liberal Democrat

Councillor Child (Convener)	Councillor Lunn (Vice Convener)
Councillor Gardner	Councillor Jackson
Councillor Keil	Councillor McInnes
Councillor Robson	Councillor Bagshaw
Councillor Walker	Councillor Edie
Councillor Bridgman	Leader (ex officio)
Councillor Cairns	Deputy Leader (ex officio)
Councillor Brock	



**Culture and Sport Committee** – 13 members – 5 Labour, 4 Scottish National Party, 2 Conservative, 1 Green, 1 Scottish Liberal Democrat

Councillor Austin Hart (Vice Convener)	Councillor Lewis (Convener)
Councillor Doran	Councillor Heslop
Councillor Hinds	Councillor Paterson
Councillor Milligan	Councillor Booth
Councillor Munro	Councillor Shields
Councillor Cardownie	Leader (ex officio)
Councillor Fullerton	Deputy Leader (ex officio)
Councillor Tymkewycz	

**Economy Committee** – 13 members – 5 Labour, 4 Scottish National Party, 2 Conservative, 1 Green, 1 Scottish Liberal Democrat

Councillor Blacklock	Councillor Ross (Convener)
Councillor Gardner	Councillor Paterson
Councillor Griffiths	Councillor Mowat
Councillor Milligan	Councillor Corbett
Councillor Munro (Vice Convener)	Councillor Edie
Councillor Barrie	Leader (ex officio)
Councillor McVey	Deputy Leader (ex officio)
Councillor Rankin	

**Education, Children and Families Committee** – 20 members – 7 Labour, 6 Scottish National Party, 4 Conservative, 2 Green, 1 Scottish Liberal Democrat

Councillor Austin-Hart	Councillor Key
Councillor Child	Councillor Lewis
Councillor Day	Councillor Aitken
Councillor Godzik (Convener)	Councillor Nick Cook
Councillor Milligan	Councillor Jackson
Councillor Redpath	Councillor Rust
Councillor Robson	Councillor Corbett
Councillor Brock	Councillor Main
Councillor Bridgman	Councillor Aldridge
Councillor Fullerton (Vice-Convener)	Leader (ex officio)
Councillor Lunn	Deputy Leader (ex officio)

**Added Members for Education Matters**

A Craig Duncan (Church of Scotland)	John Swinburne (Teacher Representative)
Ms Marie Allan (Roman Catholic)	Vacancy (Parent representative)
Rev Thomas Coupar (The Robin Chapel)	
Allan Crosbie (Teacher Representative)	

**Finance and Resources Committee** – 13 members – 5 Labour, 4 Scottish National Party, 2 Conservative, 1 Green, 1 Scottish Liberal Democrat

Councillor Bill Cook (Vice Convener)	Councillor Brock
Councillor Griffiths	Councillor Jackson
Councillor Godzik	Councillor Whyte
Councillor Ricky Henderson	Councillor Corbett
Councillor Walker	Councillor Edie
Councillor Dixon	Leader (ex officio)
Councillor McVey	Deputy Leader (ex officio)
Councillor Rankin (Convener)	

**Health, Social Care and Housing Committee** – 15 members – 5 Labour, 4 Scottish National Party, 3 Conservative, 2 Green, 1 Scottish Liberal Democrat

Councillor Day (Vice Convener)	Councillor Aitken
Councillor Doran	Councillor Heslop
Councillor Gardner	Councillor Rust
Councillor Griffiths	Councillor Chapman
Councillor Ricky Henderson (Convener)	Councillor Burgess
Councillor Bridgman	Councillor Shields
Councillor Key	Leader (ex officio)
Councillor Lunn	Deputy Leader (ex officio)
Councillor Work	

**Transport and Environment Committee** – 15 members – 5 Labour, 4 Scottish National Party, 3 Conservative, 2 Green, 1 Scottish Liberal Democrat

Councillor Doran	Councillor Jackson
Councillor Gardner	Councillor McInnes
Councillor Hinds (Convener)	Councillor Nick Cook
Councillor Keil	Councillor Bagshaw
Councillor Perry	Councillor Booth
Councillor Barrie	Councillor Aldridge
Councillor Cardownie	Leader (ex officio)
Councillor Bill Henderson	Deputy Leader (ex officio)
Councillor McVey (Vice-Convener)	

## OTHER COMMITTEES

**Governance, Risk and Best Value Committee** – 13 members – 5 Labour, 3 Scottish National Party, 2 Conservative, 1 Green, 1 Scottish Liberal Democrat, 1 Independent

Councillor Blacklock	Councillor Tymkewycz
Councillor Child	Councillor Balfour (Convener)
Councillor Gardner	Councillor Mowat
Councillor Keil	Councillor Main
Councillor Munro	Councillor Shields
Councillor Brock	Councillor Orr
Councillor Dixon	

**Police and Fire Scrutiny Committee** – 10 members – 3 Labour, 3 Scottish National Party, 2, Conservative, 1 Green, 1 Scottish Liberal Democrat

Councillor Child	Councillor Tymkewycz
Councillor Redpath (Vice-Convener)	Councillor Aitken
Councillor Walker	Councillor Mowat
Councillor Barrie	Councillor Main
Councillor Bridgman (Convener)	Councillor Edie

**Petitions Committee** – 10 members – 3 Labour, 3 Scottish National Party, 2 Conservative, 1 Green, 1 Scottish Liberal Democrat

Councillor Gardner	Councillor Lunn
Councillor Keil	Councillor Balfour
Councillor Redpath	Councillor Paterson
Councillor Dixon	Councillor Chapman (Convener)
Councillor Key	Councillor Edie

**Pensions Committee** – 5 members – 2 Labour, 1 Scottish National Party, 1 Conservative, 1 Independent (plus 2 external members)

Councillor Child	Councillor Rose
Councillor Bill Cook	Councillor Orr
Councillor Rankin (Convener)	

### External Members

John Anzani  
Richard Lamont

### **Planning Committee/Development Management Sub-Committee**

15 members – 6 Labour, 5 Scottish National Party, 3 Conservative, 1 Green

Councillor Blacklock	Councillor Dixon (Vice-Convener)
Councillor Child	Councillor Howat
Councillor Milligan	Councillor McVey
Councillor Perry (Convener)	Councillor Heslop
Councillor Robson	Councillor Mowat
Councillor Keil	Councillor Balfour
Councillor Brock	Councillor Bagshaw
Councillor Cairns	

**Planning Local Review Body** – All members of the Planning Committee comprising three panels as follows:

#### **Panel 1**

Councillor Milligan	Councillor Howat
Councillor Robson	Councillor Mowat
Councillor Brock	

#### **Panel 2**

Councillor Blacklock	Councillor Cairns
Councillor Perry	Councillor Balfour
Councillor McVey	

#### **Panel 3**

Councillor Child	Councillor Heslop
Councillor Keil	Councillor Bagshaw
Councillor Dixon	

**Regulatory Committee/Licensing Sub-Committee** – 9 members – 3 Labour, 3 Scottish National Party, 2 Conservative, 1 Green

Councillor Blacklock (Vice-Convener)	Councillor Lunn
Councillor Gardner	Councillor Aitken
Councillor Redpath	Councillor Heslop
Councillor Barrie (Convener)	Councillor Burgess
Councillor Cairns	

**Leadership Advisory Panel** – 5 members of the Council plus 3 statutory representatives, appointed by the Education, Children and Families Committee when considering education business

Leader of the Council (Convener)	Green Group Leader
Deputy Leader of the Council	Scottish Liberal Democrat Group Leader
Conservative Group Leader	

## **Administration of Trust Funds**

**Committee on the Jean F Watson Bequest** – 8 members plus one nominee of Friends of the City Arts Centre and two nominees of Director of Corporate Governance – 3 Labour, 2 Scottish National Party, 2 Conservative, 1 Green

Councillor Doran  
Councillor Keil  
Councillor Redpath  
Councillor Lewis

Councillor Fullerton  
Councillor Aitken  
Councillor Paterson  
Councillor Burgess

## **Reviews and Appeals**

**Committee on Discretionary Rating Relief Appeals** – 5 members – 2 Labour, 2 Scottish National Party, 1 Conservative

Councillor Day  
Councillor Griffiths  
Councillor Tymkewycz

Councillor Work  
Councillor Whyte

**Personnel Appeals Committee** – 9 members – 3 Labour, 3 Scottish National Party, 2 Conservative, 1 Green

Councillor Austin Hart (Convener)  
Councillor Redpath  
Councillor Walker  
Councillor Barrie  
Councillor Howat

Councillor Key  
Councillor Aitken  
Councillor Balfour  
Councillor Chapman

**Committee on Pupil and Student Support** – 5 members and one religious representative – 2 Labour, 2 Scottish National Party, 1 Conservative

Councillor Godzik (Convener)  
Councillor Keil  
Councillor Fullerton

Councillor Key  
Councillor Rust  
One religious representative

**Placing in Schools Appeals Committee** – 3 persons drawn from three Panels as described in Committee Terms of Reference and Delegated Functions number 17

Panel 1 – All members of Council and religious and teacher representatives on the Education, Children and Families Committee

**Social Work Complaints Review Committee** – 3 persons drawn from a panel approved by the Council (including all Councillors who are not members of the Education, Children and Families or Health, Social Care and Housing Committees)

## **Recruitment**

### **Recruitment Committee**

Leader of Council (Convener), Deputy Leader of the Council, Convener of the Finance and Resources Committee and the appropriate Executive Committee Convener and relevant opposition spokespersons (or nominees)

## APPENDIX 4

(As referred to in Act of Council No 5 of 28 May 2015)

### APPOINTMENTS 2015/16

#### MEMBERS OF NEIGHBOURHOOD PARTNERSHIPS

##### ALMOND

Councillor Paterson	Councillor Work
Councillor Shields	

##### CITY CENTRE

Councillor Doran	Councillor Rankin
Councillor Mowat	

##### CRAIGENTINNY/DUDDINGSTON

Councillor Griffiths	Councillor Tymkewycz
Councillor Lunn	

##### FORTH

Councillor Cardownie	Councillor Jackson
Councillor Day	Councillor Redpath

##### INVERLEITH

Councillor Bagshaw	Councillor Hinds
Councillor Barrie	Councillor Whyte

##### PENTLANDS

Councillor Aitken	Councillor Heslop
Councillor Bill Henderson	Councillor Lewis
Councillor Ricky Henderson	Councillor Rust

##### LEITH

Councillor Blacklock	Councillor Gardner
Councillor Brock	Councillor McVey
Councillor Booth	Councillor Munro
Councillor Chapman	

## **LIBERTON/GILMERTON**

Councillor Austin Hart  
Councillor Bill Cook

Councillor Nick Cook  
Councillor Robson

## **PORTOBELLO/CRAIGMILLAR**

Councillor Bridgman  
Councillor Child

Councillor Walker

## **SOUTH CENTRAL**

Councillor Burgess  
Councillor Godzik  
Councillor Howat  
Councillor Main

Councillor McInnes  
Councillor Orr  
Councillor Perry  
Councillor Rose

## **SOUTH WEST**

Councillor Burns  
Councillor Corbett  
Councillor Dixon  
Councillor Fullerton

Councillor Key  
Councillor Milligan  
Councillor Wilson

## **WESTERN EDINBURGH**

Councillor Aldridge  
Councillor Balfour  
Councillor Cairns

Councillor Edie  
Councillor Keil  
Councillor Ross



## APPENDIX 5

(As referred to in Act of Council No 5 of 28 May 2015)

### APPOINTMENTS 2015/16

#### JOINT COMMITTEES AND BOARDS, THE LICENSING BOARD AND LOTHIAN AND BORDERS COMMUNITY JUSTICE AUTHORITY

**Lothian Valuation Joint Board/Lothian Electoral Joint Committee** – 9 members  
– 3 Labour, 3 Scottish National Party, 2 Conservative, 1 Green

Councillor Ricky Henderson  
Councillor Doran  
Councillor Keil  
Councillor Brock  
Councillor McVey

Councillor Work  
Councillor McInnes  
Councillor Rust  
Councillor Bagshaw

**Licensing Board** – up to 10 members – 4 Labour, 3 Scottish National Party, 2 Conservative, 1 Green

Councillor Day  
Councillor Milligan  
Councillor Redpath  
Councillor Walker  
Councillor Barrie

Councillor Bridgman  
Councillor Work  
Councillor Balfour  
Councillor Nick Cook  
Councillor Booth

**SEStran (South East of Scotland Regional Transport Partnership)** – 5 members  
– 2 Labour, 2 Scottish National Party, 1 Conservative

Councillor Gardner  
Councillor Hinds  
Councillor Lunn  
Councillor McVey  
Councillor Nick Cook

**Lothian and Borders Community Justice Authority** – 1 member

**Substantive member**  
Convener of Health, Social Care and  
Housing Committee

**Substitute member**  
Councillor Bill Cook

**Health and Social Care Partnership** – 7 elected members – Convener and Vice Convener of the Health, Social Care and Housing Committee, 2 Capital Coalition members, 1 Conservative, 1 Green, 1 Scottish Liberal Democrat

Councillor Day	Councillor Aitken
Councillor Ricky Henderson (Convener)	Councillor Chapman
Councillor Howat	Councillor Shields
Councillor Work	

**Integration Joint Board** – 5 elected members – 2 Labour, 2 SNP, 1 Opposition Group

Councillor Griffiths	Councillor Work
Councillor Ricky Henderson (Vice Convener)	Councillor Aitken
Councillor Howat	

## **Item no 5.1**

### **QUESTION NO 1**

**By Councillor Booth for answer by the Convener of the Culture and Leisure Committee at a meeting of the Council on 25 June 2015**

#### **Question**

What progress has been made towards the council signing a lease for the Leith Theatre with the Leith Theatre Trust, since the decision to do so was made by Finance and Budget Committee on 6 June 2013?

#### **Answer**

## Item no 5.2

### QUESTION NO 2

**By Councillor Booth for answer by the Convener of the Transport and Environment Committee at a meeting of the Council on 25 June 2015**

In relation to the Council's Waste Prevention Strategy:

**Question** (1) When was this approved by committee?

**Answer** (1)

**Question** (2) On what dates since its initial approval has it been reviewed by committee?

**Answer** (2)

**Question** (3) What changes to the Strategy have been made by committee?

**Answer** (3)

**Question** (4) When will it next be reviewed by committee?

**Answer** (4)

## Item no 5.3

### QUESTION NO 3

**By Councillor Booth for answer by the Convener of the Transport and Environment Committee at a meeting of the Council on 25 June 2015**

**Question** (1) What are the costs to the council in each of the last five financial years of tackling dog fouling, broken down into following categories:

- a) Publicity campaigns / community engagement
- b) Enforcement action
- c) Removal / street cleaning / disposal
- d) Any other costs associated with dog fouling not covered in the categories above

**Answer** (1)

**Question** (2) What is the income to the council from fines and fixed penalty notices for dog fouling in each of the last five financial years?

**Answer** (2)

## Item no 5.4

### QUESTION NO 4

**By Councillor Main for answer by the  
Convener of the Transport and  
Environment Committee at a meeting  
of the Council on 25 June 2015**

On 1<sup>st</sup> January 2014 Scotland's Waste Regulations changed:

- Businesses are required to separate paper, card, glass, plastic, wood and metals for recycling.
- Businesses producing over 50kg of food waste per week must present it for separate collection.
- Where food collections are available, it is illegal to dispose of food into the public sewer.
- Businesses risk substantial fines if they do not take all measures possible to recycle their waste.

**Question** (1) Is the City of Edinburgh Council, and its catering departments , including schools and school meal service fully compliant with Scotland's Waste Regulations?

**Answer** (1)

**Question** (2) In which Edinburgh schools are fully segregated recycling facilities, to allow for the segregation of food waste, papers, card and plastic, available to young people in the school dining room at mealtimes?

**Answer** (2)

**Question** (3) What steps have been taken to ensure that Council staff are aware that from 1<sup>st</sup> January 2014 it has been illegal to dispose food into the public sewer?

**Answer** (3)

## Item no 5.5

### QUESTION NO 5

**By Councillor Rose for answer by the Convener of the Finance and Resources Committee at a meeting of the Council on 25 June 2015**

**Question** (1) How many grievances by or against staff have there been within Children and Families between 2010/11 and 2015/16 (breakdown by year). Please include those currently subject to process.

**Answer** (1)

**Question** (2) Have all the senior officers in Children and Families completed the key policy awareness training and signed the accompanying checklist which incorporates the Council anti-bribery policy and procedure, whistleblowing policy, disciplinary and grievance procedures and code of conduct?

**Answer** (2)



June 2015

### If the case fits



I'm pleased to report that Council officers are making good progress on the business case for the possible extension of the trams in Edinburgh, which already shows the clear economic benefit it could have on the city.

In the tram's first year of operation we have seen passenger numbers surpass their target, demonstrating a growing demand for public transport in Edinburgh and making the case for extending the tram to benefit people elsewhere in the city.

That said, it is essential that we learn from past experience, and we won't be making any snap decisions about the future of the project. That's why we've appointed a third party to verify the figures and are carrying out a market consultation to gauge the interest of contractors who may potentially bid to work on the project.

I look forward to receiving the updated business case in the autumn, which will put forward thoroughly researched and independently scrutinised options for an extension.

---

### Positive destinations

Great news: figures published by the Scottish Government this week show that more Edinburgh school leavers than ever are moving into work, education, or training.

Since launching the [Edinburgh Guarantee](#) scheme four years ago, our *positive destination* figure has risen to 93.1%, an increase of 10%. The Capital is now the best performing city in Scotland and is 12th out of all local authority areas, which puts us well above the national average. Hear more about the figures, and the people behind them, in this [short video](#).

We must acknowledge, of course, that there is still a lot of work to be done to drive this figure even higher through targeted support for areas of the city with deprivation and high unemployment.

---

### A leaner, more agile Council

We must change the way we work to meet the needs of Edinburgh's growing population and address the significant financial challenges we face. To this end, councillors have been asked to consider proposals that will transform our services and help us to make essential savings of at least £107m over the next five years.

This includes streamlining the council structure to become more efficient and deliver more services locally to those people who need them the most. It will also involve a more joined up approach to how we work with partners like Police Scotland and NHS Lothian.

Of course, changes on this scale can be unsettling for staff and we are looking at what support we can give, including the development of a new Career Transition Service. We will also continue to engage with both staff and trade unions as the proposals develop.

---

### City Region Deal

I've periodically mentioned progress towards an [Edinburgh City Region Deal](#), and I'm pleased to report this month that we have now had constructive, initial engagement with both the Scottish Government and UK Governments.

The next stage towards delivery has been commissioned, and our development partners are now in place. Further, a recent University of Edinburgh event also saw significant interest in our recent progress from [ResPublica](#) who have extensive experience in assisting the development of City Deals across the UK.

These are all early positive signs, with a lot of work still in front of us, but all six local authorities involved are continuing to focus hard on the aim-at-hand: delivering a Deal that will help ensure continued economic growth and a reduction in inequality across the whole South East Scotland Region.

---

### Trusted traders

A new online directory, [Trusted Traders Edinburgh](#), launched this week to help residents choose contractors with confidence.

After being carefully checked out by our Trading Standards team, contractors are accepted as members and their details added to the website. Around 40 traders and businesses have already signed up, creating a new 'go to list' for people looking for services such as home repairs. Customers can use the directory to find local contractors' details with the reassurance that they are reliable and have been fully vetted.



Edinburgh's scheme was created after a public consultation found that many home owners are hesitant about organising shared repairs in common areas as they don't know how to find a trustworthy trader.

---

## Compact volunteer framework

The Lord Provost has just hosted the City's Annual Volunteering Awards ceremony, recognising the contribution of over 100 outstanding volunteers, including his Inspiring Volunteer of the Year 2015, Malik Masood, who has campaigned over many years for older and ethnic minority people. Very well deserved.

You may not be aware that Edinburgh is home to 2,630 charitable organizations, which make an annual economic contribution of £2.7bn, employ 15,000 people and are supported by over a third of residents who regularly volunteer.

I am delighted, therefore, to report that the Compact Partnership, currently in its tenth year of operation, has recently agreed [an ambitious new Strategic Framework](#) that will continue to guide public and voluntary sector relations over the next five to 10 years.

---

## Culture vultures

As ever in Edinburgh, residents won't be short of doorstep discoveries this summer. From the biggest ever Fringe programme to a whole host of events and activities at the Council's museums and galleries, there's something to suit all budgets.

At the Museum of Edinburgh, two brand new [interactive exhibits](#) have opened. Free-to-enter, they bring the stories behind some of the city's treasured artefacts to life including items belonging to Edinburgh-born WW1 British Commander Earl Haig, who created The Royal British Legion.

Meanwhile, at the City Art Centre, visitors can find sensational Scottish art spanning 350 years and more than 150 paintings, sketches and pieces of sculpture. A visit to [Scottish Art: People, Places, Ideas](#) is free.

---

## Stay in the picture

Keep yourself in the picture with our [news section online](#). If you wish to unsubscribe please [email](#) us. Watch live full Council and some committee meetings on our [webcast](#). Join the debate on Twitter [#edinwebcast](#)

[Follow us on twitter](#)



Watch on our [webcast](#)



[Follow us on Facebook](#)



• EDINBURGH •  
THE CITY OF EDINBURGH COUNCIL

# The City of Edinburgh Council

10am, Thursday, 25 June 2015

## Review of Appointments to Committees, Boards and Joint Boards for 2015/16

Item number	7.1
Report number	
Executive/routine	
Wards	All

### Executive summary

---

At its meeting on 28 May 2015 the Council made appointments to Committees, Boards and Joint Boards for 2015/16, subject to further review at the Council meeting on 25 June 2015.

The Council is now asked to confirm its appointments for 2015/16.

### Links

---

Coalition pledges	n/a
Council outcomes	n/a
Single Outcome Agreement	n/a

## Review of Appointments to Committees, Boards and Joint Boards for 2015/16

### Recommendation

---

- 1.1 To appoint the membership of Committees, Boards and Joint Boards for 2015/16.

### Main report

---

- 2.1 At its meeting on 28 May 2015 the Council agreed appointments to Committees, Boards and Joint Boards for 2015/16.
- 2.2 The full list of appointments is appended. These were made subject to a further review at this meeting.
- 2.3 The Council is now asked to confirm its appointments.

### Measures of success

---

- 3.1 The Council appoints members to all its Committees, Boards and Joint Boards.

### Financial impact

---

- 4.1 Not applicable

### Risk, policy, compliance and governance impact

---

- 5.1 Appointments are required to support the democratic decision-making process.

### Equalities impact

---

- 6.1 Not applicable.

## Sustainability impact

---

7.1 Not applicable.

## Consultation and engagement

---

8.1 Not applicable

## Background reading / external references

---

[Council Minute of 24 May 2012](#)

### Alastair D Maclean

Director of Corporate Governance

Contact: Allan McCartney, Clerking Manager

E-mail: [allan.mccartney@edinburgh.gov.uk](mailto:allan.mccartney@edinburgh.gov.uk) | Tel: 0131 529 4246

## Links

---

### Coalition pledges

**Council outcomes** CO25 – The Council has efficient and effective services that deliver on objectives.

### Single Outcome Agreement

**Appendices** Appointments for 2015/16

## APPENDIX 1

(As referred to in Act of Council No 5 of 28 May 2015)

### APPOINTMENTS FOR 2015/2016

#### CONVENERS AND VICE CONVENERS OF COMMITTEES

<b>EXECUTIVE COMMITTEES</b>		
Corporate Policy and Strategy (Leader and Deputy Leader of the Council as Convener and Vice Convener)	Convener: Vice-Convener:	Councillor Burns Councillor Howat
Communities and Neighbourhoods (Capital Coalition members)	Convener: Vice-Convener:	Councillor Child Councillor Lunn
Culture and Sport (Capital Coalition members)	Convener: Vice-Convener:	Councillor Lewis Councillor Austin Hart
Economy (Capital Coalition members)	Convener: Vice-Convener:	Councillor Ross Councillor Munro
Education, Children and Families (Capital Coalition members)	Convener: Vice-Convener:	Councillor Godzik Councillor Fullerton
Finance and Resources (Capital Coalition members)	Convener: Vice Convener:	Councillor Rankin Councillor Bill Cook
Health, Social Care and Housing (Capital Coalition members)	Convener: Vice-Convener:	Councillor Ricky Henderson Councillor Day
Transport and Environment (Capital Coalition members)	Convener: Vice-Convener:	Councillor Hinds Councillor McVey
<b>OTHER COMMITTEES</b>		
Governance, Risk and Best Value (Conservative Group member as Convener)	Convener:	Councillor Balfour
Police and Fire Scrutiny Committee	Convener: Vice-Convener:	Councillor Bridgman Councillor Redpath

Leadership Advisory Panel (Leader of the Council as Convener)	Convener:	Councillor Burns
Petitions (Green Group member as Convener)	Convener:	Councillor Chapman
Pensions (Capital Coalition member as Convener)	Convener:	Councillor Rankin
Planning/Development Management Sub	Convener: Vice-Convener:	Councillor Perry Councillor Dixon
Regulatory/Licensing Sub	Convener: Vice Convener:	Councillor Barrie Councillor Blacklock
Committee on the Jean F Watson Bequest	Convener:	To be appointed from agreed Committee membership
<b>APPEALS</b>		
Committee on Discretionary Rating Appeals	Convener:	To be appointed from agreed Committee membership
Personnel Appeals Committee	Convener:	Councillor Austin Hart
Committee on Pupil/Student Support	Convener:	Councillor Godzik
Placing in Schools Appeals		Independent Chairperson
Social Work Complaints Review Committee		Independent Chairperson
<b>RECRUITMENT</b>		
Recruitment Committee	Convener:	Council Leader

## APPENDIX 2

(As referred to in Act of Council No 5 of 28 May 2015)

### APPOINTMENTS 2015/16

#### MEMBERSHIP OF COMMITTEES

**Corporate Policy and Strategy Committee** – 15 members – 5 Labour, 4 Scottish National Party, 3 Conservative, 2 Green, 1 Scottish Liberal Democrat

Leader of the Council (Councillor Burns) (Convener)	Convener of the Health, Social Care and Housing Committee (Councillor Ricky Henderson)
Deputy Leader of the Council (Councillor Howat) (Deputy Convener)	Convener of the Transport and Environment Committee (Councillor Hinds)
Convener of the Communities and Neighbourhood Committee (Councillor Child)	Councillor Rose
Convener of the Culture and Sport Committee (Councillor Lewis)	Councillor Mowat
Convener of the Economy Committee (Councillor Ross)	Councillor Rust
Convener of the Education, Children and Families Committee (Councillor Godzik)	Councillor Burgess
Convener of the Finance and Resources Committee (Councillor Rankin)	Councillor Chapman
	Councillor Edie

#### EXECUTIVE COMMITTEES

**Communities and Neighbourhoods Committee** – 13 members – 5 Labour, 4 Scottish National Party, 2 Conservative, 1 Green, 1 Scottish Liberal Democrat

Councillor Child (Convener)	Councillor Lunn (Vice Convener)
Councillor Gardner	Councillor Jackson
Councillor Keil	Councillor McInnes
Councillor Robson	Councillor Bagshaw
Councillor Walker	Councillor Edie
Councillor Bridgman	Leader (ex officio)
Councillor Cairns	Deputy Leader (ex officio)
Councillor Brock	

**Culture and Sport Committee** – 13 members – 5 Labour, 4 Scottish National Party, 2 Conservative, 1 Green, 1 Scottish Liberal Democrat

Councillor Austin Hart (Vice Convener)	Councillor Lewis (Convener)
Councillor Doran	Councillor Heslop
Councillor Hinds	Councillor Paterson
Councillor Milligan	Councillor Booth
Councillor Munro	Councillor Shields
Councillor Cardownie	Leader (ex officio)
Councillor Fullerton	Deputy Leader (ex officio)
Councillor Tymkewycz	

**Economy Committee** – 13 members – 5 Labour, 4 Scottish National Party, 2 Conservative, 1 Green, 1 Scottish Liberal Democrat

Councillor Blacklock	Councillor Ross (Convener)
Councillor Gardner	Councillor Paterson
Councillor Griffiths	Councillor Mowat
Councillor Milligan	Councillor Corbett
Councillor Munro (Vice Convener)	Councillor Edie
Councillor Barrie	Leader (ex officio)
Councillor McVey	Deputy Leader (ex officio)
Councillor Rankin	

**Education, Children and Families Committee** – 20 members – 7 Labour, 6 Scottish National Party, 4 Conservative, 2 Green, 1 Scottish Liberal Democrat

Councillor Austin-Hart	Councillor Key
Councillor Child	Councillor Lewis
Councillor Day	Councillor Aitken
Councillor Godzik (Convener)	Councillor Nick Cook
Councillor Milligan	Councillor Jackson
Councillor Redpath	Councillor Rust
Councillor Robson	Councillor Corbett
Councillor Brock	Councillor Main
Councillor Bridgman	Councillor Aldridge
Councillor Fullerton (Vice-Convener)	Leader (ex officio)
Councillor Lunn	Deputy Leader (ex officio)

**Added Members for Education Matters**

A Craig Duncan (Church of Scotland)	John Swinburne (Teacher Representative)
Ms Marie Allan (Roman Catholic)	Vacancy (Parent representative)
Rev Thomas Coupar (The Robin Chapel)	
Allan Crosbie (Teacher Representative)	



**Finance and Resources Committee** – 13 members – 5 Labour, 4 Scottish National Party, 2 Conservative, 1 Green, 1 Scottish Liberal Democrat

Councillor Bill Cook (Vice Convener)	Councillor Brock
Councillor Griffiths	Councillor Jackson
Councillor Godzik	Councillor Whyte
Councillor Ricky Henderson	Councillor Corbett
Councillor Walker	Councillor Edie
Councillor Dixon	Leader (ex officio)
Councillor McVey	Deputy Leader (ex officio)
Councillor Rankin (Convener)	

**Health, Social Care and Housing Committee** – 15 members – 5 Labour, 4 Scottish National Party, 3 Conservative, 2 Green, 1 Scottish Liberal Democrat

Councillor Day (Vice Convener)	Councillor Aitken
Councillor Doran	Councillor Heslop
Councillor Gardner	Councillor Rust
Councillor Griffiths	Councillor Chapman
Councillor Ricky Henderson (Convener)	Councillor Burgess
Councillor Bridgman	Councillor Shields
Councillor Key	Leader (ex officio)
Councillor Lunn	Deputy Leader (ex officio)
Councillor Work	

**Transport and Environment Committee** – 15 members – 5 Labour, 4 Scottish National Party, 3 Conservative, 2 Green, 1 Scottish Liberal Democrat

Councillor Doran	Councillor Jackson
Councillor Gardner	Councillor McInnes
Councillor Hinds (Convener)	Councillor Nick Cook
Councillor Keil	Councillor Bagshaw
Councillor Perry	Councillor Booth
Councillor Barrie	Councillor Aldridge
Councillor Cardownie	Leader (ex officio)
Councillor Bill Henderson	Deputy Leader (ex officio)
Councillor McVey (Vice-Convener)	

## OTHER COMMITTEES

**Governance, Risk and Best Value Committee** – 13 members – 5 Labour, 3 Scottish National Party, 2 Conservative, 1 Green, 1 Scottish Liberal Democrat, 1 Independent

Councillor Blacklock  
Councillor Child  
Councillor Gardner  
Councillor Keil  
Councillor Munro  
Councillor Brock  
Councillor Dixon

Councillor Tymkewycz  
Councillor Balfour (Convener)  
Councillor Mowat  
Councillor Main  
Councillor Shields  
Councillor Orr

**Police and Fire Scrutiny Committee** – 10 members – 3 Labour, 3 Scottish National Party, 2, Conservative, 1 Green, 1 Scottish Liberal Democrat

Councillor Child  
Councillor Redpath (Vice-Convener)  
Councillor Walker  
Councillor Barrie  
Councillor Bridgman (Convener)

Councillor Tymkewycz  
Councillor Aitken  
Councillor Mowat  
Councillor Main  
Councillor Edie

**Petitions Committee** – 10 members – 3 Labour, 3 Scottish National Party, 2 Conservative, 1 Green, 1 Scottish Liberal Democrat

Councillor Gardner  
Councillor Keil  
Councillor Redpath  
Councillor Dixon  
Councillor Key

Councillor Lunn  
Councillor Balfour  
Councillor Paterson  
Councillor Chapman (Convener)  
Councillor Edie

**Pensions Committee** – 5 members – 2 Labour, 1 Scottish National Party, 1 Conservative, 1 Independent (plus 2 external members)

Councillor Child  
Councillor Bill Cook  
Councillor Rankin (Convener)

Councillor Rose  
Councillor Orr

### External Members

John Anzani  
Richard Lamont

## **Planning Committee/Development Management Sub-Committee**

15 members – 6 Labour, 5 Scottish National Party, 3 Conservative, 1 Green

Councillor Blacklock	Councillor Dixon (Vice-Convener)
Councillor Child	Councillor Howat
Councillor Milligan	Councillor McVey
Councillor Perry (Convener)	Councillor Heslop
Councillor Robson	Councillor Mowat
Councillor Keil	Councillor Balfour
Councillor Brock	Councillor Bagshaw
Councillor Cairns	

**Planning Local Review Body** – All members of the Planning Committee comprising three panels as follows:

### **Panel 1**

Councillor Milligan	Councillor Howat
Councillor Robson	Councillor Mowat
Councillor Brock	

### **Panel 2**

Councillor Blacklock	Councillor Cairns
Councillor Perry	Councillor Balfour
Councillor McVey	

### **Panel 3**

Councillor Child	Councillor Heslop
Councillor Keil	Councillor Bagshaw
Councillor Dixon	

**Regulatory Committee/Licensing Sub-Committee** – 9 members – 3 Labour, 3 Scottish National Party, 2 Conservative, 1 Green

Councillor Blacklock (Vice-Convener)	Councillor Lunn
Councillor Gardner	Councillor Aitken
Councillor Redpath	Councillor Heslop
Councillor Barrie (Convener)	Councillor Burgess
Councillor Cairns	

**Leadership Advisory Panel** – 5 members of the Council plus 3 statutory representatives, appointed by the Education, Children and Families Committee when considering education business

Leader of the Council (Convener)	Green Group Leader
Deputy Leader of the Council	Scottish Liberal Democrat Group Leader
Conservative Group Leader	

## Administration of Trust Funds

**Committee on the Jean F Watson Bequest** – 8 members plus one nominee of Friends of the City Arts Centre and two nominees of Director of Corporate Governance – 3 Labour, 2 Scottish National Party, 2 Conservative, 1 Green

Councillor Doran  
Councillor Keil  
Councillor Redpath  
Councillor Lewis

Councillor Fullerton  
Councillor Aitken  
Councillor Paterson  
Councillor Burgess

## Reviews and Appeals

**Committee on Discretionary Rating Relief Appeals** – 5 members – 2 Labour, 2 Scottish National Party, 1 Conservative

Councillor Day  
Councillor Griffiths  
Councillor Tymkewycz

Councillor Work  
Councillor Whyte

**Personnel Appeals Committee** – 9 members – 3 Labour, 3 Scottish National Party, 2 Conservative, 1 Green

Councillor Austin Hart (Convener)  
Councillor Redpath  
Councillor Walker  
Councillor Barrie  
Councillor Howat

Councillor Key  
Councillor Aitken  
Councillor Balfour  
Councillor Chapman

**Committee on Pupil and Student Support** – 5 members and one religious representative – 2 Labour, 2 Scottish National Party, 1 Conservative

Councillor Godzik (Convener)  
Councillor Keil  
Councillor Fullerton

Councillor Key  
Councillor Rust  
One religious representative

**Placing in Schools Appeals Committee** – 3 persons drawn from three Panels as described in Committee Terms of Reference and Delegated Functions number 17

Panel 1 – All members of Council and religious and teacher representatives on the Education, Children and Families Committee

**Social Work Complaints Review Committee** – 3 persons drawn from a panel approved by the Council (including all Councillors who are not members of the Education, Children and Families or Health, Social Care and Housing Committees)

## **Recruitment**

### **Recruitment Committee**

Leader of Council (Convener), Deputy Leader of the Council, Convener of the Finance and Resources Committee and the appropriate Executive Committee Convener and relevant opposition spokespersons (or nominees)

## APPENDIX 3

(As referred to in Act of Council No 5 of 28 May 2015)

### APPOINTMENTS 2015/16

#### MEMBERS OF NEIGHBOURHOOD PARTNERSHIPS

##### ALMOND

Councillor Paterson  
Councillor Shields

Councillor Work

##### CITY CENTRE

Councillor Doran  
Councillor Mowat

Councillor Rankin

##### CRAIGENTINNY/DUDDINGSTON

Councillor Griffiths  
Councillor Lunn

Councillor Tymkewycz

##### FORTH

Councillor Cardownie  
Councillor Day

Councillor Jackson  
Councillor Redpath

##### INVERLEITH

Councillor Bagshaw  
Councillor Barrie

Councillor Hinds  
Councillor Whyte

##### PENTLANDS

Councillor Aitken  
Councillor Bill Henderson  
Councillor Ricky Henderson

Councillor Heslop  
Councillor Lewis  
Councillor Rust

##### LEITH

Councillor Blacklock  
Councillor Brock  
Councillor Booth  
Councillor Chapman

Councillor Gardner  
Councillor McVey  
Councillor Munro

## **LIBERTON/GILMERTON**

Councillor Austin Hart  
Councillor Bill Cook

Councillor Nick Cook  
Councillor Robson

## **PORTOBELLO/CRAIGMILLAR**

Councillor Bridgman  
Councillor Child

Councillor Walker

## **SOUTH CENTRAL**

Councillor Burgess  
Councillor Godzik  
Councillor Howat  
Councillor Main

Councillor McInnes  
Councillor Orr  
Councillor Perry  
Councillor Rose

## **SOUTH WEST**

Councillor Burns  
Councillor Corbett  
Councillor Dixon  
Councillor Fullerton

Councillor Key  
Councillor Milligan  
Councillor Wilson

## **WESTERN EDINBURGH**

Councillor Aldridge  
Councillor Balfour  
Councillor Cairns

Councillor Edie  
Councillor Keil  
Councillor Ross

## APPENDIX 4

(As referred to in Act of Council No 5 of 28 May 2015)

### APPOINTMENTS 2015/16

#### JOINT COMMITTEES AND BOARDS, THE LICENSING BOARD AND LOTHIAN AND BORDERS COMMUNITY JUSTICE AUTHORITY

**Lothian Valuation Joint Board/Lothian Electoral Joint Committee** – 9 members – 3 Labour, 3 Scottish National Party, 2 Conservative, 1 Green

Councillor Ricky Henderson	Councillor Work
Councillor Doran	Councillor McInnes
Councillor Keil	Councillor Rust
Councillor Brock	Councillor Bagshaw
Councillor McVey	

**Licensing Board** – up to 10 members – 4 Labour, 3 Scottish National Party, 2 Conservative, 1 Green

Councillor Day	Councillor Bridgman
Councillor Milligan	Councillor Work
Councillor Redpath	Councillor Balfour
Councillor Walker	Councillor Nick Cook
Councillor Barrie	Councillor Booth

**SEStran (South East of Scotland Regional Transport Partnership)** – 5 members – 2 Labour, 2 Scottish National Party, 1 Conservative

Councillor Gardner  
Councillor Hinds  
Councillor Lunn  
Councillor McVey  
Councillor Nick Cook

**Lothian and Borders Community Justice Authority** – 1 member

<b>Substantive member</b> Convener of Health, Social Care and Housing Committee	<b>Substitute member</b> Councillor Bill Cook
---	--



**Health and Social Care Partnership** – 7 elected members – Convener and Vice Convener of the Health, Social Care and Housing Committee, 2 Capital Coalition members, 1 Conservative, 1 Green, 1 Scottish Liberal Democrat

Councillor Day	Councillor Aitken
Councillor Ricky Henderson (Convener)	Councillor Chapman
Councillor Howat	Councillor Shields
Councillor Work	

**Integration Joint Board** – 5 elected members – 2 Labour, 2 SNP, 1 Opposition Group

Councillor Griffiths	Councillor Work
Councillor Ricky Henderson (Vice Convener)	Councillor Aitken
Councillor Howat	

10.00am, Thursday, 25 June 2015

## Appointments to 11 Cultural Boards and to the Boards of Edinburgh Leisure and the Edinburgh International Conference Centre

Item number	7.2
Report number	
Executive	
Wards	All

### Executive summary

Five elected members have resigned from the following boards: Centre for the Moving Image, Dancebase, the Edinburgh International Conference Centre, the Edinburgh International Festival Society, the Edinburgh International Science Festival, Edinburgh Leisure, the Edinburgh Mela, Festival City Theatres Trust, Imagine, the Queen's Hall, the Royal Lyceum Theatre and the Royal Scottish National Orchestra.

The Council is asked to appoint a replacement to each of these boards. The Council is also asked to note that any appointee to the board of the Edinburgh International Festival Society may subsequently be asked to become a director of the board of the Edinburgh International Festival Society's separate wholly owned trading subsidiary, the Edinburgh Festival Centre Ltd. The Council is asked to confirm one appointment to the Edinburgh Festival Centre Ltd. Similarly, the Council is asked to confirm four appointments to the board of trading company Edinburgh Leisure Two.

### Links

Coalition pledges	<a href="#">P24</a>
Council outcomes	<a href="#">CO20</a> , <a href="#">CO26</a>
Single Outcome Agreement	<a href="#">SO1</a> , <a href="#">SO3</a>

## Appointments to 11 Cultural Boards, and to the Boards of Edinburgh Leisure and the Edinburgh International Conference Centre

### Recommendations

---

- 1.1 It is recommended that the Council:
  - 1.1.1 appoints replacements for Councillor Norma Austin Hart and Councillor Deidre Brock on the board of directors of the Edinburgh International Festival Society;
  - 1.1.2 notes that the appointees to the board of the Edinburgh International Festival Society may subsequently be asked to become directors of the Edinburgh Festival Centre Ltd board, as described in paragraph 3.3, and note that any such appointments will be referred back to Council for approval;
  - 1.1.3 notes that Councillor Munro was previously appointed by Council to the board of the Edinburgh International Festival Society and was subsequently invited to serve as a director of the Edinburgh Festival Centre Ltd board;
  - 1.1.4 confirms Councillor Munro's appointment to the Edinburgh Festival Centre Ltd board;
  - 1.1.5 appoints a replacement for Councillor Austin Hart on the board of directors of Edinburgh Leisure and Edinburgh Leisure Two;
  - 1.1.6 notes that Councillors Balfour, Booth, Cairns and Lewis were previously appointed by Council to the Board of Edinburgh Leisure, which entails joining the board of Edinburgh Leisure Two, as described in paragraph 3.4 below;
  - 1.1.7 confirms the appointment of Councillors Balfour, Booth, Cairns and Lewis to the board of directors of Edinburgh Leisure Two;
  - 1.1.8 appoints a replacement for Councillor Deidre Brock on the board of directors of the Centre for the Moving Image (CMI);
  - 1.1.9 appoints a replacement for Councillor Cathy Fullerton on the board of directors of Dancebase;
  - 1.1.10 appoints a replacement for Cllr Frank Ross on the board of directors of the Edinburgh International Conference Centre (EICC);
  - 1.1.11 appoints replacements for Councillor Norma Austin Hart and Councillor Frank Ross on the board of directors of the Edinburgh International Science Festival (EISF);

- 1.1.12 appoints a replacement for Councillor Steve Cardownie on the board of directors of the Edinburgh Mela;
- 1.1.13 appoints a replacement for Councillor Norma Austin Hart on the board of directors of the Festival City Theatres Trust;
- 1.1.14 appoints a replacement for Councillor Norma Austin Hart on the board of directors of Imagineate;
- 1.1.15 appoints a replacement for Councillor Norma Austin Hart on the board of directors of the Queen's Hall;
- 1.1.16 appoints a replacement for Councillor Norma Austin Hart on the board of directors of the Royal Lyceum Theatre; and
- 1.1.17 appoints a replacement for Councillor Norma Austin Hart on the board of directors of the Royal Scottish National Orchestra.

## Background

---

- 2.1 Following the resignations from the boards listed above, the Council now requires to nominate replacements.

## Main report

---

- 3.1 The CMI is a registered Scottish charity, incorporating Edinburgh International Film Festival, Filmhouse in Edinburgh and the Belmont Filmhouse in Aberdeen. Dancebase is Scotland's national centre for dance. EICC is owned by the Council but operates as an independent commercial venture, offering a venue for conferences, conventions and exhibitions.
- 3.2 The Edinburgh International Festival, the Edinburgh International Science Festival, the Edinburgh Mela and Imagineate are three of the city's 12 major Festivals, and members of Festivals Edinburgh.
- 3.3 The Edinburgh International Festival Society (EIFS) is a registered Scottish Charity. The board of EIFS is known as the Festival Council. The EIFS established a separate wholly owned trading subsidiary called Edinburgh Festival Centre Ltd in 1999. Any profits made by the EFC Ltd are gift aided to the EIFS as its parent charity. The Board of the Edinburgh Festival Centre Ltd comprises the members of the Executive Committee of the board of the Edinburgh International Festival Society, and Council is asked to confirm Councillor Munro's appointment to the Edinburgh Festival Centre Ltd board.
- 3.4 Edinburgh Leisure is an independent not for profit company limited by guarantee, established in 1998 to run the Council's sport and leisure services. All directors of Edinburgh Leisure are expected to act as directors on the board of its subsidiary trading company, Edinburgh Leisure Two. The Council is asked to confirm the appointments of Councillors Balfour, Booth, Cairns and Lewis to the board of Edinburgh Leisure Two.

3.5 The Festival City Theatres Trust (FCTT) is a registered charity, formed in 1998, and seeks to bring the best national and international work to the King's and Festival Theatres. The FCTT and the Queen's Hall, Royal Lyceum Theatre and the Royal Scottish National Orchestra contribute to the city's cultural life and are cultural grant clients of the Culture and Sport service.

3.6 The current composition of the boards includes the following elected members:

<i>Boards</i>	<i>Current directors include these elected members</i>
Centre for the Moving Image	There is one vacant director position on each of these boards reserved for a member of the Council.
Dancebase	
Edinburgh International Festival Society	The Lord Provost and Councillors Booth, Lewis, Munro and Whyte
Edinburgh Festival Centre Limited	Councillor Munro
Edinburgh International Science Festival	Councillors Blacklock and Rose
Edinburgh Leisure	Councillors Balfour, Booth, Cairns and Lewis
Edinburgh Leisure Two	Councillors Balfour, Booth, Cairns and Lewis
Edinburgh Mela	There is one vacant director position on this board reserved for a member of the Council.
Edinburgh International Conference Centre	Councillors Aldridge and Munro
Festival City Theatres Trust	Councillors Aitken, Lewis and Main
Imagine	Councillor Key
Queen's Hall	There is one vacant director position on this board reserved for a member of the Council.
Royal Lyceum Theatre	Councillor Lewis
Royal Scottish National Orchestra	Councillor Fullerton

## Measures of success

---

4.1 Appointment of elected members to these boards.

## Financial impact

---

5.1 There is no direct financial impact to the Council arising from the recommendation in this report.

## Risk, policy, compliance and governance impact

---

6.1 There are no risks arising from this report. The recommendations will support Council policies in relevant subject areas, and fulfil governance obligations.

## Equalities impact

---

7.1 Not applicable.

## Sustainability impact

---

8.1 Not applicable.

## Consultation and engagement

---

9.1 Not applicable.

## Background reading/external references

---

None.

## Alastair D Maclean

Director of Corporate Governance

Contact: Lynne Halfpenny, Head of Culture and Sport

E-mail: [lynne.halfpenny@edinburgh.gov.uk](mailto:lynne.halfpenny@edinburgh.gov.uk) | Tel: 0131 529 3657

## Links

---

<b>Coalition pledges</b>	P24 - Maintain and embrace support for our world-famous festivals and events
<b>Council outcomes</b>	CO20 - Culture, sport and major events – Edinburgh continues to be a leading cultural city where culture and sport play a central part in the lives and futures of citizens

**Single Outcome Agreement**

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

SO1 - Edinburgh's economy delivers increased investment, jobs and opportunities for all

SO3 - Edinburgh's children and young people enjoy their childhood and fulfil their potential

**Appendices**

None.

10am, Thursday, 25 June 2015

## Appointment to the Boards of Cre8te, EDI and Subsidiary Companies and Creative Edinburgh

Item number	7.3
Report number	
Executive/routine	
Wards	All

### Executive summary

The purpose of this report is to ask Council to appoint a representative to the Board of Cre8te Opportunities Limited, an independent social enterprise. Councillor Frank Ross resigned from the Board in June 2015 and the Council is asked to appoint a replacement.

Council is also asked to appoint a representative to the Board of EDI Limited and subsidiary companies (the Council's arms length property companies). Councillor Jason Rust resigned from the Board in June 2015 and the Council is asked to appoint a replacement.

In addition, Council is asked to note the resignation of Councillor Deirdre Brock from the Board of Creative Edinburgh. Following a due diligence review of the Council's membership of this Board, it has been agreed that no replacement is required. The Council will retain an officer Observer on the Board of Creative Edinburgh.

### Links

Coalition pledges	<a href="#">P8, P16, P17, P28,</a>
Council outcomes	<a href="#">CO7, CO8, CO9, CO19, CO26</a>
Single Outcome Agreement	<a href="#">SO1, SO4</a>



## Appointment to the Boards of Cre8te, EDI and Subsidiary Companies and Creative Edinburgh

### Recommendations

---

- 1.1 It is recommended that Council appoint a replacement Board Director to the Board of Cre8te Opportunities Limited.
- 1.2 It is recommended that Council appoint a replacement Board Director to the Board of EDI Limited and subsidiary property companies.
- 1.3 Council is asked to note the resignation of Councillor Brock from the Board of Creative Edinburgh and to note that no replacement is required.

### Background

---

- 2.1 The Memorandum and Articles of Association of Cre8te Opportunities Limited require that the City of Edinburgh Council is represented on the Board.
- 2.2 EDI Limited and subsidiary companies are arms length property companies wholly owned by City of Edinburgh Council.
- 2.3 Creative Edinburgh was established in 2009 and an Elected Member was appointed to the Board at that time to oversee the re-establishment of the company following a period

### Main report

---

#### **Cre8te Opportunities Limited**

- 3.1 Cre8te is an independent social enterprise which aims to build strong, sustainable communities in areas of regeneration. This is done by helping people to set up their own business, providing affordable workspaces, helping people into work and providing support to existing businesses.
- 3.2 Councillor Ross has resigned as a Director in June 2015 and therefore a new Director is required to be appointed.

#### **EDI Group Limited (EDI)**

- 3.3 The shareholder agreement for EDI dictates that the Board of EDI is to be made up of (1) one Director being and Executive Director, (2) three elected members of the Council and (3) three additional Directors, serving as non- executive Directors.

- 3.4 Councillor Rust resigned as a Director in June 2015 and therefore a new appointment is required. The shareholder agreement also dictates that all subsidiaries of EDI e.g. Waterfront Edinburgh Limited etc, are to have the same board and therefore the appointment is also to all subsidiaries of EDI.

### **Creative Edinburgh**

- 3.5 Creative Edinburgh was re-established in 2009 with support from City of Edinburgh Council. The company is now operating effectively and membership has grown significantly.
- 3.6 Councillor Brock resigned as a Director in June 2015 and, following due diligence checks on behalf of the Council, it is concluded that a replacement board member is not required. The Council will retain observer status on the Board and an officer from the Economic Development Service will perform this role.

### **Measures of success**

---

- 4.1 New Board Member appointed to Cre8te Opportunities Limited.
- 4.2 New Board Member appointed to the EDI Group Limited.

### **Financial impact**

---

- 5.1 Not applicable.

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

---

- 6.1 Not applicable.

### **Equalities impact**

---

- 7.1 The aims of Cre8te are:
- Help people set up and develop their own businesses;
  - To provide affordable workspaces to enable businesses to locate in the area and contribute to the local economy; and
  - We support people into employment through the numerous projects we run.
- 7.2 EDI Group Limited and subsidiary companies are Council owned arm's length organisations. The aim of the group is:
- To maximise the positive impact of land & buildings in Edinburgh by creating inspirational spaces for workers, residents and global visitors.

## Sustainability impact

---

8.1 Not applicable.

## Consultation and engagement

---

9.1 Not applicable.

## Background reading/external references

---

[Cre8te Opportunities Limited](#)

[Waterfront Edinburgh Limited](#) [need link to EDI]

[Creative Edinburgh Limited](#)

### Greg Ward

Director of Economic Development

Contact: Alison Coburn, Principal Officer

E-mail: [alison.coburn@edinburgh.gov.uk](mailto:alison.coburn@edinburgh.gov.uk) | Tel: 0131 529 3149

## Links

---

<b>Coalition pledges</b>	<p>P8 - Make sure the city's people are well-housed, including encouraging developers to build residential communities, starting with brownfield sites</p> <p>P16 - Examine ways to source new funding to support small businesses</p> <p>P17 – Continue efforts to develop the city's gap sites and encourage regeneration</p> <p>P28 - Further strengthen our links with the business community by developing and implementing strategies to promote and protect the economic well being of the city</p>
<b>Council outcomes</b>	<p>CO7 – Edinburgh draws new investment in development and regeneration</p> <p>CO8 – Edinburgh's economy creates and sustains job opportunities</p> <p>CO9 – Edinburgh residents are able to access job opportunities</p> <p>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</p> <p>CO26 - The Council engages with stakeholders and works in</p>

	partnership to improve services and deliver on agreed objectives
<b>Single Outcome Agreement</b>	SO1 – Edinburgh's Economy Delivers increased investment, jobs and opportunities for all SO4 - Edinburgh's communities are safer and have improved physical and social fabric
<b>Appendices</b>	1 – Role Description of Cre8te Board Member 2 – Role Description of Waterfront Edinburgh Board Member

### Appendix 1 – Role Description of Cre8te Board Member

Role Description	
<b>Role Title</b>	Board Director
<b>Role Reference</b>	Board Director
<b>Salary and Grade</b>	N/A – voluntary position
<b>Location</b>	Edinburgh
<b>Hours and Terms</b>	
<b>Holiday Terms</b>	N/A

General Terms and Conditions	
<b>Responsible to</b>	Chair of the Board
<b>Responsible for</b>	Governance of Cre8te and its strategic direction in line with Council policies

<b>Purpose of Job</b>	To carry out governance, legal and strategic responsibilities effectively, alongside the Board of Directors team
-----------------------	--

<b>Main tasks and activities</b>	<ol style="list-style-type: none"> <li>1. Carry out governance, legal and strategic responsibilities effectively.</li> <li>2. Attend meetings of the Board of Directors and the AGM</li> <li>3. Build links between the Board and Cre8te staff</li> <li>4. Engage stakeholders and represent Cre8te</li> <li>5. Develop the capacity and capability of the governing body to be effective</li> <li>6. Support the appraisal and guidance of the Chief Executive, as requested by the Chair</li> </ol>
----------------------------------	---

<b>Decisions made by the postholder</b>
<p>Make informed and transparent decisions on all significant matters.</p>
<b>Key Contacts</b>
<ul style="list-style-type: none"> <li>• Neil Scott, Chief Executive</li> <li>• Councillor Maureen Child, Board Member</li> <li>• Rick Finc, Board Member</li> <li>• Norrie Davies, Board Member</li> <li>• Bill Grant, Board Member</li> <li>• Val Wishart, Board Member</li> <li>• Stuart Murray, Board Member</li> <li>• Ros Taylor, Board Member</li> </ul>

## Appendix 2 – Role Description of EDIMember

Role Description	
<b>Role Title</b>	Board Director
<b>Role Reference</b>	Board Director
<b>Salary and Grade</b>	N/A – voluntary position
<b>Location</b>	Edinburgh
<b>Hours and Terms</b>	
<b>Holiday Terms</b>	N/A

General Terms and Conditions	
<b>Responsible to</b>	Chair of the Board
<b>Responsible for</b>	Governance of EDI and its strategic direction in line with Council policies

<b>Purpose of Job</b>	To carry out governance, legal and strategic responsibilities effectively, alongside the Board of Directors team
-----------------------	--

<b>Main tasks and activities</b>	<ol style="list-style-type: none"> <li>1. Carry out governance, legal and strategic responsibilities effectively.</li> <li>2. Attend meetings of the Board of Directors and the AGM</li> <li>3. Build links between the Board and EDI staff</li> <li>4. Engage stakeholders and represent EDI</li> <li>5. Develop the capacity and capability of the governing body to be effective</li> <li>6. Support the appraisal and guidance of the Chief Executive, as requested by the Chair</li> </ol>
----------------------------------	---

<b>Decisions made by the postholder</b>
<p>Make informed and transparent decisions on all significant matters.</p>
<b>Key Contacts</b>
<ul style="list-style-type: none"> <li>• Eric Adair, Operations and Finance Director</li> <li>• Councillor Frank Ross</li> <li>• Councillor Gordon Munro</li> <li>• John Watt</li> <li>• Hugh Rutherford</li> <li>• Deborah Benson</li> </ul>

Thursday, 25 June 2015

## Appointment to the Joint Committee of SESplan

Item number	7.4
Report number	
Executive/routine	Executive
Wards	All

### Executive summary

---

The purpose of the report is to ask Council to appoint a representative to the Joint Committee of SESplan, the Strategic Development Planning Authority for Edinburgh and South East Scotland. Councillor Sandy Howat has resigned from the Joint Committee and the Council is asked to appoint a replacement.

### Links

---

Coalition pledges	<a href="#">P8, P17, P50</a>
Council outcomes	<a href="#">CO7, CO8, CO9, CO10, CO16, CO18, CO19, CO22, CO23</a>
Single Outcome Agreement	<a href="#">SO1, SO2, SO4</a>



## Appointment to the Joint Committee of SESplan

### Recommendations

---

- 1.1 It is recommended that Council appoint a replacement representative to the Joint Committee of SESplan.

### Background

---

- 2.1 Scottish Government Circular 2/2008 sets out the statutory guidance for Strategic Development Plan Authorities. In particular it identifies the need to establish a joint committee of members. The SESplan Joint Committee was formally established in November 2008 with a membership of two elected members from each constituent authority.
- 2.2 At its meeting on 14 June 2012 Planning Committee appointed Councillor Howat to the Joint Committee. Councillor Howat has tendered his resignation from the Joint Committee. The Council is asked to appoint a replacement.

### Main report

---

- 3.1 SESplan is the Strategic Development Plan Authority for Edinburgh and South East Scotland. Its role is to prepare and maintain an up to date Strategic Development Plan for the area.
- 3.2 The SESplan Joint Committee is formed of two councillors from each member authority. It meets three to four times per year to make decisions on content and preparation of the Strategic Development Plan as well as governance and finance of the Strategic Development Plan Authority.
- 3.3 The time commitment of a Joint Committee representative equates to an average of eight days per year to cover meetings and training.
- 3.4 Joint Committee members are unpaid, but out of pocket expenses are reimbursed.

### Measures of success

---

- 4.1 New Joint Committee member appointed.

### Financial impact

---

- 5.1 Not applicable.

## Risk, policy, compliance and governance impact

---

6.1 Not applicable.

## Equalities impact

---

7.1 No negative impacts have been identified.

## Sustainability impact

---

8.1 SESplan is responsible for the preparation and maintenance of the Strategic Development Plan. The Plan's Vision supports a more sustainable city region.

## Consultation and engagement

---

9.1 Not applicable.

## Background reading/external references

---

[http://www.edinburgh.gov.uk/download/meetings/id/35530/item\\_41a\\_appointments\\_to\\_outside\\_bodies\\_-\\_supplementary\\_report](http://www.edinburgh.gov.uk/download/meetings/id/35530/item_41a_appointments_to_outside_bodies_-_supplementary_report)

### John Bury

Acting Director of Services for Communities

Contact: Simon Antrobus, Planning Officer

E-mail: [simon.antrobus@edinburgh.gov.uk](mailto:simon.antrobus@edinburgh.gov.uk) | Tel: 0131 469 3597

## Links

---

<b>Coalition pledges</b>	P8 Make sure the city's people are well-housed, including encouraging developers to built residential communities, starting with brownfield sites P17 Continue efforts to develop the city's gap sites and encourage regeneration P50 Meet greenhouse gas targets, including the national target of 42% by 2020.
<b>Council outcomes</b>	CO7 Edinburgh draws in new investment in development and regeneration CO8 Edinburgh's economy creates and sustains job

opportunities

CO9 Edinburgh residents are able to access job opportunities

CO10 Improved health and reduced inequalities

CO16 Well-housed – People live in a good quality home that is affordable and meets their needs in a well-managed neighbourhood

CO18 Green – We reduce the local environmental impact of our consumption and production

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

CO22 Moving efficiently – Edinburgh has transport system that improves connectivity and is green, healthy and accessible

CO23 Well engaged and well informed – Communities and individuals are empowered and supported to improve local outcomes and foster a sense of community

**Single Outcome Agreement**

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

SO4 Edinburgh's communities are safer and have improved physical and social fabric

**Appendices**

n/a

\*

Thursday, 25 June 2015

## Appointment to the Edinburgh and Lothians Greenspace Trust Board

Item number	7.5
Report number	
Executive/routine	Executive
Wards	All

### Executive summary

---

The purpose of the report is to ask Council to appoint a representative to the Board of the Edinburgh and Lothians Greenspace Trust (ELGT). Councillor Sandy Howat has resigned from the Board of ELGT and the Council is asked to appoint a replacement.

### Links

---

Coalition pledges	<a href="#">P50</a>
Council outcomes	<a href="#">CO10, CO18, CO19, CO22, CO23</a>
Single Outcome Agreement	<a href="#">SO2, SO4</a>

## Appointment to the Edinburgh and Lothians Greenspace Trust Board

### Recommendations

---

- 1.1 It is recommended that Council appoint a replacement Board Director to the Edinburgh and Lothians Greenspace Trust (ELGT) Board.

### Background

---

- 2.2 At its meeting on 14 June 2012 Planning Committee appointed Councillor Howat to the Board of ELGT. Councillor Howat has tendered his resignation as of 28 May 2015 from the Board of ELGT. The Council is asked to appoint a replacement.

### Main report

---

- 3.1 Edinburgh & Lothians Greenspace Trust (ELGT) is an independent charity which exists to improve open spaces, and engage communities with those greenspaces.
- 3.2 It delivers a wide range of greenspace improvement projects, including the creation and improvement of community gardens, biodiversity, parks, allotments, play areas and sports facilities, paths and cycleways, woodlands and business environments.
- 3.3 ELGT works with communities to get them involved in greenspace projects through environmental education, physical activity, conservation volunteering, training and skills development.
- 3.4 It works with landowners, local authorities, community groups, young people, schools, other charitable organisations, and housing associations. All projects are carried out with other organisations.
- 3.5 Services include the development of project ideas with communities, raising the necessary funding from a wide range of sources, community consultation and engagement, project management and evaluation.
- 3.6 The Board is formed of a variety of representatives, including councillors from Edinburgh, Midlothian and East Lothian. It meets four times per year to make decisions on governance and the organisation's Strategic Plan.
- 3.7 The time commitment of an ELGT Board Director equates to an average of eight days per year to cover meetings and training.
- 3.8 Board Directors are unpaid, but out of pocket expenses are reimbursed.

## Measures of success

---

4.1 New ELGT Board Director appointed.

## Financial impact

---

5.1 Not applicable.

## Risk, policy, compliance and governance impact

---

6.1 Not applicable.

## Equalities impact

---

7.1 No negative impacts have been identified.

## Sustainability impact

---

8.1 The Trust delivers environmental improvement and engagement projects, which support the Council's sustainability vision.

## Consultation and engagement

---

9.1 Not applicable.

## Background reading/external references

---

[http://www.edinburgh.gov.uk/download/meetings/id/35610/item\\_16\\_-\\_appointments\\_to\\_outside\\_bodies\\_for\\_2012\\_%E2%80%93\\_2017.](http://www.edinburgh.gov.uk/download/meetings/id/35610/item_16_-_appointments_to_outside_bodies_for_2012_%E2%80%93_2017)

## John Bury

Acting Director of Services for Communities

Contact: Gina Bellhouse, Team Manager Natural Environment Team

E-mail: [gina.bellhouse@edinburgh.gov.uk](mailto:gina.bellhouse@edinburgh.gov.uk) | Tel: 0131 469 3723

## Links

---

**Coalition pledges**

P50 Meet greenhouse gas targets, including the national target of 42% by 2020.

**Council outcomes**

CO10 Improved health and reduced inequalities

CO18 Green – We reduce the local environmental impact of our consumption and production

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

CO22 Moving efficiently – Edinburgh has transport system that improves connectivity and is green, healthy and accessible

CO23 Well engaged and well informed – Communities and individuals are empowered and supported to improve local outcomes and foster a sense of community

**Single Outcome Agreement**

SO2 Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health

SO4 Edinburgh's communities are safer and have improved physical and social fabric

**Appendices**

Appendix 1: Role description of Edinburgh and Lothians Greenspace Trust Board Director

## Appendix 1: Role description of Edinburgh and Lothians Greenspace Trust Board Director

---

Description	
Role title	Board Director
Role reference	Board Director
Salary and Grade	n/a – voluntary position
Location	Swanston, Edinburgh
Hours and terms	Approx. 6 days per year
Holiday Terms	n/a

General Terms and Conditions	
Responsible to	Chair of the Board
Responsible for	Governance of ELGT and its strategic development

Purpose of the job	To carry out governance, legal and strategic responsibilities effectively, alongside the Board of Directors team.
Main tasks and activities	<ol style="list-style-type: none"> <li>1. Carry out governance, legal and strategic responsibilities effectively</li> <li>2. Attend meetings of the Board of Directors and the AGM</li> <li>3. Build links between the Board and ELGT staff</li> <li>4. Engage stakeholders and represent ELGT</li> <li>5. Develop the capacity and capability of the governing body to be effective</li> <li>6. Support the appraisal and guidance of the Chief Executive, as requested by the Chair</li> </ol>

### 1. Carry out governance, legal and strategic responsibilities effectively



- 1.1 Review and ensure ELGTs compliance with the values and mission of ELGT by reviewing ELGTs strategic plans.
- 1.2 Monitor the organisation's performance.
- 1.3 Oversee a framework of delegation and systems of internal control.
- 1.4 Support effective budgeting and business planning.
- 1.5 Manage risk.

**2. Attend meetings of the Board of Directors and the AGM**

- 2.1 Board meetings are held quarterly from 4-6pm at ELGTs head offices at Swanston, Edinburgh.
- 2.2 Prepare for Board meetings by reading the Agenda and attachments sent by post one week before the Board meeting.
- 2.3 Make constructive comments at the Board meetings.
- 2.4 Make informed and transparent decisions on all significant matters.

**3. Build links between the Board and ELGT staff**

- 3.1 Attend and actively participate in at least x 1 Big Team meeting (1/2 day) held twice yearly and x 1 Managers meeting (1/2 day) held quarterly, each year.

**4. Engage stakeholders and represent ELGT**

- 4.1 Positively promote ELGT via contacts you have or at specific events.

**5. Develop the capacity and capability of the governing body to be effective**

- 5.1 Participate in the recruitment of other Board members.
- 5.2 Attend training and development sessions.

**6. Support the appraisal and guidance of the Chief Executive, as requested by the Chair**

Decisions made by the postholder	Make informed and transparent decisions on all significant matters.
----------------------------------	---

**Key Contacts**

**Chairman:** Carol Cawood (Retired Director of Housing Association)

**Vice - Chairman:** Donald Anderson (PPS Group)

**Directors:**

Cllr Ian Perry (City of Edinburgh Council)  
Cllr Sandy Howat (City of Edinburgh Council)  
Iain Rennick (Scottish Natural Heritage)  
Cllr Russell Imrie (Midlothian Council)  
Cllr Bob Constable (Midlothian Council)  
Cllr Norman Hampshire (East Lothian Council)  
Maida Ballarini (Forestry Commission Scotland)  
Keith McIntosh (Retired Civil Servant)  
Jeff Stoddart (Hall Farm, Farmer)  
Mark Turnbull (mtla, Landscape Architect)  
Ruth Briggs (Natural Managers, Consultant)

**Board Observers:** Grant Ballantine (Midlothian Council)  
Gina Bellhouse (City of Edinburgh Council)

**ELGT Staff:**

Charlie Cumming Chief Executive  
Ross Woodside Project Programme Manager  
Mark Sydenham Fundraising & Communications Manager  
Rebecca Horton Finance & Office Manager  
Esperanza Martin Gil Community Projects Officer  
Abby Boulton Community Projects Officer  
Ruth Wyatt Community Projects Officer (P/t)  
Rob Ford Community Gardening Development Officer (P/t)

Alison Chisholm LFGNP Partnership Manager  
Katie Johnson LFGNP Development Officer

**Company Secretary:** David Reith, Lindsays WS

**Bankers:** Adam & Co plc

**Accountants/Auditors:** AH & Co

# The City of Edinburgh Council

10am, Thursday, 25 June 2015

## Appointment to the Board of 6VT City Cafe

<b>Item number</b>	7.6
<b>Report number</b>	
<b>Executive/routine</b>	
<b>Wards</b>	None

### Executive summary

---

The Council is represented on the Board of 6VT City Cafe, a registered charity responsible for delivering holistic services to vulnerable young people. Councillor Adam McVey was appointed as an Ex Officio member to the Board in June 2012. Councillor McVey resigned from the Board in June 2015 and the Council is asked to appoint a replacement to the Board.

### Links

---

[Coalition pledges](#)  
[Council outcomes](#)  
[Single Outcome Agreement](#)

# Report

## Appointment to the Board of 6VT City Cafe

### Recommendations

---

- 1.1 It is recommended the Council appoint a replacement on the Board of 6VT City Cafe.

### Background

---

- 2.1 The Council appointed Councillor McVey as Ex Officio to the Board of 6VT City Cafe in June 2012. Councillor McVey resigned from the Board in June 2015 and the Council is asked to appoint a replacement.

### Main report

---

- 3.1 6VT City Cafe opened 18 years ago to provide a safe social space for people aged 15 and over in Edinburgh. The City Cafe is widely used by young people across the City providing a wide range of services including; drop-in service; range of personal development support; educational workshops; advice and information; housing services and an integrated community support service for young people facing the prospect of foster care, residential care or being housed in a secure unit.
- 3.2 The purpose of 6VT City Cafe is to deliver holistic personal development opportunities, empowering and motivating positive change for young people by offering a combination of youth and social workers with specialised practitioners so offering a centralised "one stop shop" to those young people who do not normally engage with youth work services.
- 3.3 [6VT City Cafe](#) is a registered Scottish Charity. The Board membership is made up of 8 Directors.

### Measures of success

---

- 4.1 New Ex Officio member appointed to 6VT City Cafe.

### Financial impact

---

- 5.1 Not applicable.

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

---

6.1 Not applicable.

## **Equalities impact**

---

7.1 Not applicable.

## **Sustainability impact**

---

8.1 Not applicable.

## **Consultation and engagement**

---

9.1 Not applicable.

## **Background reading / external references**

---

10.1 Not applicable

### **Gillian Tee**

Director of Children and Families

Contact: Maria Lloyd

E-mail: [Maria.Lloyd@edinburgh.gov.uk](mailto:Maria.Lloyd@edinburgh.gov.uk) | Tel: 0131 529 3294

## **Links**

---

**Coalition pledges**

**Council outcomes**

**Single Outcome**

**Agreement**

**Appendices**

10.00am, Thursday, 25 June 2015

## Appointment to the Board of the Merchant Company Endowments Trust

Item number	7.7
Report number	
Executive/routine	
Wards	None

### Executive summary

---

The Council is represented on the Board of the Merchant Company Endowments Trust, a registered charity responsible for providing assistance to indigent men and women. Councillor Frank Ross was appointed as a Trustee to the Board in June 2012. Councillor Ross resigned from the Board in June 2015 and the Council is asked to appoint a replacement Trustee.

### Links

---

[Coalition pledges](#)  
[Council outcomes](#)  
[Single Outcome Agreement](#)

# Report

## Appointment to Board of the Merchant Company Endowments Trust

### Recommendations

---

- 1.1 It is recommended the Council appoint a replacement on the Board of the Merchant Company Endowments Trust.

### Background

---

- 2.1 The Council appointed Councillor Ross as Trustee to the Board of the Merchant Company Endowments Trust in June 2012. Councillor Ross resigned from the Board in June 2015 and the Council is asked to appoint a replacement Trustee.

### Main report

---

- 3.1 The Merchant Company has been in existence for over 300 years. Over 540 businessmen and women are Members of the Company, actively involved educational and charitable works, as well as having a central role in the civic life of Edinburgh.
- 3.2 The Merchant Company Endowments Trust is a registered Scottish Charity No: SC002002. The Endowments Trust consists of twenty-four members, with five members elected by the City of Edinburgh Council.
- 3.3 The [purpose of the Trust](#) is to provide assistance to indigent men and women aged at least 55 on 1st July in the year of their election, unless they are certified on medical grounds as being unable to earn their living. Beneficiaries must be persons who have lived or worked in the city of Edinburgh or in Midlothian. Assistance may be by way of cash grant, a bi-annual pension, gift or appliances, provision and care support.

### Measures of success

---

- 4.1 New Trustee Member appointed to the Merchant Company Endowments Trust.

### Financial impact

---

- 5.1 Not applicable.

### Risk, policy, compliance and governance impact

---

- 6.1 Not applicable.



## Equalities impact

---

7.1 Not applicable.

## Sustainability impact

---

8.1 Not applicable.

## Consultation and engagement

---

9.1 Not applicable.

## Background reading / external references

---

10.1 Not applicable.

### **Michelle Miller**

Chief Social Work Officer

Contact: michelle.miller@edinburgh.gov.uk

E-mail | Tel: 0131 553 8520

## Links

---

**Coalition pledges**

**Council outcomes**

**Single Outcome  
Agreement**

**Appendices**

10am, Thursday, 25 June 2015

## Mortonhall Action Plan – Update

Item number	8.1
Report number	
Executive/routine	
Wards	All

### Executive summary

---

This report provides the Council with an update on progress made on recommendations from Dame Elish Angiolini's DBE QC Mortonhall Investigation Report, and actions from the Chief Executive's Multi-Agency Working Group Action Plan; as originally presented to Full Council on 26 June 2014.

This report shows the good progress made across all recommendations and actions, with many of these fully complete or well underway.

The Chief Executive's Multi-Agency Working Group has continued to have oversight of improvements in Edinburgh and has requested that Council give consideration to ensuring long term continuation of service improvements and joint working by continuing its role through bi-annual meetings and a further report to Full Council in June 2016.

### Links

---

**Coalition pledges:** [P27](#); [P51](#)

**Council outcomes:** [CO18](#); [CO19](#); [CO23](#); [CO24](#); [CO25](#); [CO26](#); [CO27](#)

**Single Outcome Agreement:** [SOA2](#); [SOA4](#)

## Mortonhall Action Plan - Update

### Recommendations

---

The Council is asked to:

- 1.1 note the update on actions from Dame Elish Angiolini's Mortonhall Investigation Report and Chief Executive's Multi-Agency Working Group Action Plan, and the positive progress that has been made against all recommendations one year after the Action Plan was originally approved by Council;
- 1.2 note thanks to all affected parents, staff, partners and contributors in enabling the successful progress on actions;
- 1.3 note the choices made by parents for the memorials at Mortonhall and Princes Street Gardens;
- 1.4 agree in principle the ongoing allocation of sufficient revenue funding to ensure the future maintenance of the memorials in a condition fitting to the memory of those affected;
- 1.5 agree in principle that income generated from Bereavement Services be targeted to ensure the ongoing maintenance of public facilities, grounds and environment of Mortonhall Crematorium;
- 1.6 approve the non-statutory draft Application for Cremation form, for use with under 24 week gestation losses not currently covered by legislation;
- 1.7 accept the Scottish Government Code of Practice and Policy Statement published on 1 June 2015 and 26 January 2015 respectively;
- 1.8 note the Chief Executive's Multi-Agency Working Group propose future meetings bi-annually; and
- 1.9 agree to accept a further update report outlining future progress in June 2016.

## Background

---

- 2.1 Following the discovery of potential issues in relation to cremation practices at Mortonhall Crematorium in late 2012, the Council commissioned an independent investigation into practices at Mortonhall Crematorium regarding the cremation of non-viable fetuses (NVFs), stillborn and neonatal babies. In April 2014, following receipt of Dame Elish Angiolini's Mortonhall Investigation Report, it was agreed at the City of Edinburgh Council's meeting of 26 June 2014 that the 22 recommendations contained in the report would be taken forward by the Council and other relevant agencies.
- 2.2 An Action Plan was developed through discussions at the Chief Executive's Multi-Agency Working Group and has enabled ongoing focus on the key elements required to ensure successful programme delivery. The current version of the ongoing Action Plan, demonstrating progress to date, is included as Appendix 1.

## Main report

---

### Introduction from Sue Bruce, Chief Executive

- 3.1 Exactly one year ago the Council agreed to accept the recommendations of Dame Elish Angiolini's independent report into historical practices at Mortonhall Crematorium. Members will recall that these recommendations made sobering reading, underlining a number of opportunities for improvement, both historical and current, in the Council run crematorium. Dame Elish Angiolini specified 22 discrete recommendations which were translated into a clear action plan endorsed by Full Council a year ago.
- 3.2 Although Dame Elish Angiolini's report focused on practices in Edinburgh, she recognised the need for clarity of process in a wider context, and incorporated these observations in her report. Lord Bony's Report on the Infant Cremation Commission published in June 2014 recognised the need for a review of the existing policies, practice and legislation related to the cremation of infants in Scotland and, critically, to provide recommendations for the future which will ensure that no-one in Scotland ever again has to suffer the distresses that were highlighted by the Mortonhall Investigation Report. In presenting this update report to the Council I would like to reflect on the positive steps that have been taken in the course of the past year in addressing each of these actions.
- 3.3 Progress on implementation of actions has been reported on a regular basis to a Multi-Agency Working Group chaired by myself, allowing the opportunity for high level scrutiny, multi-agency discussion and feedback on actions undertaken to inform and develop the way forward. This level of partnership working has supported the successful delivery of these key actions within agreed timescales.

- 3.4 The implementation team, which is led by a Senior Manager in Services for Communities and includes officers seconded to support the delivery of the action plan, staff at Mortonhall and officers from Business Improvement (People, Planning and Development), Business Intelligence, Asset Management, Procurement and Health and Safety, have continued to work jointly implementing ongoing culture change at Mortonhall Crematorium. This work has also involved working with partners and stakeholders to ensure an informed and supportive approach from the range of service providers who meet directly with the bereaved.

## **Management of Mortonhall Crematorium**

### Team involvement and input

- 3.5 The onsite Mortonhall Crematorium staff team and the Mortonhall Action Team have continued to work closely and positively together to ensure the continued delivery of required improvements. Managers have been encouraged to play a key role in local implementation of changes to working practices arising from the investigation and actions. Regular updates have been shared between teams, and benchmarking visits undertaken to other locations. Active staff input and consultation into discussions around

- the Policy Document;
- the journey of ashes process;
- Customer Records Management (CRM);
- Customer Service Excellence (CSE);
- document retention; and
- the development of a fitting memorial for affected babies

have supported the development of an engaged, legislatively compliant service demonstrating best practice.

- 3.6 Mortonhall Team workshops have been held in November 2014 and February 2015 to enable the local staff group to focus specifically on the changes required. The team has worked to address two specific pieces of work required by the Dame Elish Angiolini and Lord Bonomy recommendations:

- the development of a clearly defined process map for handling of all remains, including consideration of improved practice documentation and record keeping; and
- the development of a Policy Document.

Local onsite meetings have allowed for further consideration of and development of these work streams, and a further team meeting is scheduled for autumn 2015 to continue these ongoing improvements.

## Enhancing the customer experience

- 3.7 With the support of the Council's Business Improvement Team and the active participation of the staff team, the existing customer focussed approach is being strengthened at Mortonhall using the guiding principles of the CSE framework as a model. Led by the Crematorium Team Leader and incorporating active participation in the citywide CSE Action Group, the crematorium team are currently working towards achieving CSE compliance standard by November 2015. The team will undertake an internal self assessment in summer 2015 prior to the next scheduled CSE assessor's visit in November.
- 3.8 Customer feedback comment cards have been available in the Mortonhall Crematorium office, Chapel of Remembrance and Waiting Room since August 2014. Results from these are regularly analysed by managers and suggested areas for improvement discussed by the staff team. While feedback received from service users generally suggests a high level of satisfaction with the service provided, individual concerns and suggestions are now discussed by the team and where feasible, solutions identified to enhance the customer journey. An analysis of this feedback is included as Appendix 2.
- 3.9 An initial meeting was held in February 2015 with the Council's CRM implementation team. The meeting discussed ways to support enhanced recording of customer contact and, in recognition of the Council's ongoing channel shift approach, increase the opportunity for crematorium customers to carry out online transactions such as payments. Bereavement Services is expected to be included as part of Phase 3 rollout of CRM later in 2015, and the CRM implementation team continues to work closely with local staff to ensure effective outcomes for both the team and service users.
- 3.10 Staff onsite at Mortonhall are being supported to adopt elements of the existing Gold Standard model currently in use across the Edinburgh Library Service. Gold Standard combines a self assessment approach (undertaken by staff teams themselves) with a subsequent external assessment by a third party, to assess the appearance, range and quality of the services on offer from a customer's perspective. Already well embedded in libraries citywide, this approach has helped to identify existing good practice and key areas for improvement, and is particularly effective in the way it empowers local teams to take ownership of their workplace and drive an enhanced quality of service. With the support of the Libraries Gold Standard Board and experienced libraries staff, a tailored assessment programme is currently being developed for Mortonhall, and it is envisaged that this will be implemented in 2016.

- 3.11 A number of improvements have been carried out to the crematorium waiting room with a view to improving the customer experience. These have included:
- improvements to public toilets including the installation of a disabled toilet;
  - installation of a new roof;
  - installation of an automatic door;
  - external repainting; and
  - enhanced cleaning regime with cleaning carried out three times per day.
- 3.12 Further work to enhance the waiting room environment is planned and expected to take place later in 2015, delivering a continual customer-focussed set of improvements which will provide a comfortable and sensitive space for the bereaved.
- 3.13 The Mortonhall Action Team has been exploring ways in which a lay advisor approach can be used to improve service delivery in a crematorium context. Following meetings held between the Senior Manager responsible for the Mortonhall Action Team, an Inspector within Police Scotland, and the Convener of Lay Advisors in Edinburgh, discussions have been ongoing about whether a lay advice model could be developed for the Council internally, and the potential for Bereavement Services to be a pilot. A member of staff with experience of lay advisor work from a previous role has indicated a willingness to support this work stream, and it is intended that this will be progressed over the next few months. The Senior Manager has also had discussions with Willie Reid, Mortonhall Ashes Action Committee, in relation to his suggestion that this approach could be used at either a local or national level.
- 3.14 Work has continued throughout the year to liaise with local residents on improvements to the area adjacent to the cordoned zone that was identified by Dame Elish Angiolini in her report. Since September 2014, three meetings have been held with local residents, and a phased plan of improvements agreed and implemented with relevant Council service teams. An initial phase of works was carried out in autumn 2014, followed by a second phase in spring 2015 taking account of seasonal seeding timescales. At the most recent meeting in March 2015, a set of fundamental principles (Appendix 3) was established for the use and management of this land. Residents have also been advised that regular site inspections will be carried out to ensure good and improving levels of grounds maintenance in this area in the long term.
- 3.15 This work addresses Dame Elish Angiolini's recommendation that the area adjacent to the cordoned zone be developed to provide a more fitting environment for a crematorium setting.**

- 3.16 A number of affected parents have also raised concerns about the condition and maintenance of the Rose Garden at Mortonhall which is currently used as a location for interring babies' remains, and provides a focal point for affected parents to remember their loved ones. Previous rose planting on the site had historically been badly affected by rose blight, and the area is in need of development to ensure it is restored to a condition in keeping with the expectations of affected parents.
- 3.17 An outline improvement plan has been developed to refurbish and enhance the condition of the Rose Garden. By working with parents, residents, partners and Council staff, these improvements will ensure that the Rose Garden is a beautiful and fitting area for families of babies who are buried there, and will allow for ease of long term maintenance appropriate to the topographical conditions of the site.

#### Training and qualifications

- 3.18 In line with Lord Bonomy's recommendation that Crematorium managers and staff are supported to gain relevant industry qualifications, the Bereavement Services Manager is being supported to work to obtain the Diploma in Cemetery and Crematorium Management. This is the only specialised qualification currently available to those employed within the Burial and Cremation Service in the UK. The diploma recognises an individual's character and commitment to developing his or her own management competencies in what is a very specialised and sensitive field of work.
- 3.19 Whilst undertaking this qualification, the Bereavement Services Manager is continuing to manage an operationally complex range of services. To support this, an opportunity for a fixed term qualified Cremation Services Change Manager was advertised on the Council's recruitment portal and nationally on the Federation of Burial and Cremation Authorities' (FBCA) website. This recruitment process is ongoing with the intention that a successful candidate will be identified by autumn 2015.
- 3.20 The FBCA and Institute of Crematorium and Cemetery Management (ICCM) have agreed to adopt recommendations of Lord Bonomy's report and have developed updated training and guidance. The FBCA's Training and Examination Scheme for Cremation Technicians now incorporates specific elements dealing with baby, infant and foetus cremations.



- 3.21 Mortonhall Crematorium is among the first in Scotland whose staff have successfully undertaken update modules in infant cremations, which has involved monitored assessments carried out through site visits to other crematoria in Scotland. Currently these modules have been completed by two members of staff, with the remaining staff due to complete these at the next available opportunity in the schedule. The assessments are carried out at an external centre of excellence identified by the FBCA, and have the additional benefit of enabling staff attending to experience best practice elsewhere and to network with colleagues in other locations.
- 3.22 The above action will ensure that Dame Elish Angiolini's recommendation that adequate training be provided for staff to ensure sensitive and compliant delivery of service.**

#### Service review

- 3.23 An Organisational Review of Bereavement Services is currently in progress with good engagement from staff. The review includes an appraisal of service functions and delivery, organisational structures and staffing levels in order to ensure enhanced service management, whilst incorporating a culture of continuous improvement and customer focus within agreed timescales. This was initiated in January 2015, now taking account of the Organise to Deliver programme and discussions with staff and managers have been taking place since March 2015. A draft remit has been prepared for discussion with the staff team and Trade Unions, and the development of job descriptions is underway, again in discussion with staff.

#### Quality management

- 3.24 A British Standards Institute (BSI) review session of Bereavement Services took place in January 2015 and resulted in a fully compliant report (Appendix 4). A further visit is scheduled for July 2015 which will focus on Quality Management Systems, customer satisfaction and complaints, and burial processes.
- 3.25 Positive progress has continued on the actions arising from a 5 day onsite external review of operations at Mortonhall Crematorium, commissioned by the Council, and carried out by Rick Powell, Secretary and Executive Officer, FBCA. Priority actions are now complete and the team have been encouraged to deliver the remaining actions through a collective approach. Positive progress has included the establishment of regular team meetings to discuss operational management including service rotas, policies and procedures and Health and Safety.
- 3.26 Agreement has been reached around the process for recording the location of ashes when interred in the Crematorium grounds. The electronic Burial and Cremation Administration System (BACAS) has been upgraded to enable the accurate recording of the process, and therefore to support any requests made by relatives for this information.

- 3.27 This addresses Dame Elish Angiolini's recommendation that the location of the interment of the cremated remains of a baby should always be recorded with their records.**
- 3.28 A programme of visits to other crematoria involving staff and managers is ongoing. This has included site visits to Livingston, Inverclyde and Kettering Crematoria to inform service improvements and the procurement process for new equipment. In December 2014, a visit took place to Seafield Crematorium to compare use of the BACAS registration software. A visit was scheduled to Kirkcaldy Crematorium in May 2015 to explore further benchmarking opportunities with other cremation authorities in Scotland, but this was postponed at the request of Fife colleagues and will be rescheduled at the earliest opportunity. The Mortonhall Action Team also visited Maggie's Centre in Dundee which aims to create a welcoming environment providing professional advice and support in a sensitive setting.
- 3.29 Senior Manager and Mortonhall Action Team input to the Scottish Government's National Committee on Infant Cremation, and its various sub groups, has enabled the City of Edinburgh Council to maintain a proactive role in the review and development of good practice and legislation across Scotland.
- 3.30 Senior and Service Managers are attending regular meetings with NHS Lothian and representatives of the funeral industry to develop greater shared clarity of understanding around the choices available to parents when faced with the loss of a child. This clarity will ensure that all practitioners are aware of operational practices at Mortonhall Crematorium, and therefore enable them to provide informed support to parents at a difficult time.
- 3.31 Regular 1:1s, team briefings and review meetings within the context of the PRD cycle have ensured that the Mortonhall staff team and Service Managers remain aware of ongoing developments and are continually focussed on delivering an enhanced quality of service.
- 3.32 The Bereavement Services Manager has maximised networking opportunities with the National Benchmarking Group to enhance opportunities for shared good practice.
- 3.33 Extensive desktop research and benchmarking comparison with published policy and performance documents of other cremation authorities and with suggested approaches published by ICCM and FBCA, has helped identify potential key performance criteria which could be adopted in the context of Mortonhall Crematorium. Relevant examples have been considered for adoption by the Council to demonstrate a robust and responsive approach to performance measurement, to establish parity of approach with other service areas within the Council, and to enable early identification and resolution of emerging issues.

- 3.34 Establishment of a performance measurement framework will also articulate clear links between strategic Council priorities and the Crematorium Service. This, together with the Council's Cremation Service Policy Document and current and emerging legislation, will provide a key reference framework to ensure a robust, compliant and customer focussed service.
- 3.35 Ongoing discussions with multi faith communities and other equalities groups across the city, at service planning and as part of continuous feedback, will ensure the cremation service continues to be relevant and responsive to all beliefs and cultures, and fully adheres to the Council's view on equality and diversity.
- 3.36 The above actions will ensure that Dame Elish Angiolini's recommendations that greater understanding by senior management of cremation processes and procedures, greater emphasis on improving training and best practice, and implementing a culture of compassion and skill towards the quality of service to the next of kin will be embedded in service delivery.**

### **Communications**

- 3.37 The Mortonhall Action Team has developed a Communications Plan with support from the Council's Communications Service. The plan includes a commitment to ensuring that information on progress against the key actions is widely and publicly available across a range of platforms. The communications plan acknowledges the need to provide clear and open information on progress in plain English. Support from the Communications Team has also ensured that ongoing positive progress is regularly reported through the media.
- 3.38 The communications plan encompasses affected parents, all key stakeholders, staff and partners, and recognises the need for the wider public not directly affected by historical practices to be aware of positive progress. The plan also ensures that continuous engagement with the onsite staff team is maintained.
- 3.39 Regular communication has been maintained with affected parents throughout the programme. As part of a joint approach between Stillbirth and Neonatal Death Society (SANDS) Lothians and Simpson's Memory Box Appeal (SiMBA) and the Council, parents have been invited to participate in ongoing consultation around the design and location of memorials. Close liaison with these partner charities has ensured clear joint understanding of key messages. Parents have received regular letter and email updates to ensure they are aware of progress, and a number of meetings have been arranged to enable wider discussion of options and facilitate shared agreement around the way forward.

- 3.40 The Mortonhall Action Team has provided regular written and telephone support in responding to individual queries from affected parents. These have ensured that parents contacting the Council are updated on progress, while at the same time providing a sympathetic response to those parents who require additional reassurance and emotional support.
- 3.41 The communications plan recognises the need to ensure that key partners, such as NHS Lothian, Funeral Directors and support organisations, are kept fully informed on any changes to operational practice at Mortonhall that would impact on the range of services to customers, and are in a position to share this information confidently and accurately with members of the public. A letter was sent in March 2015 to Funeral Directors, Health Services and other partners for sharing with bereaved to support wider understanding of improved practices at Mortonhall, which can then be communicated to the bereaved. A copy of this letter is attached as Appendix 5.
- 3.42 Ongoing dialogue has been held with NHS Lothian, with a view to developing a stakeholder workshop in late 2015 aimed at providing opportunities for all those involved in working with bereaved parents to understand the totality of the customer journey in these circumstances, and to ensure that the information provided to those affected is accurate and understood by those affected.
- 3.43 The Council [web page](#) on the Mortonhall Investigation has been regularly updated to incorporate the latest information on progress to date.
- 3.44 Information has also been provided to partner charities SANDS Lothians and SiMBA for sharing via their social media pages and networks.

## **Ensuring effective and compliant service delivery**

### Policy Document

- 3.45 Following the Corporate Policy and Strategy Committee's approval in November 2014 of the definition of ashes, as recommended by Lord Bonomy, this was incorporated into a wider Cremation Services Policy Document which was approved by the Council on 5 February 2015. This Policy Document has been made available to members of the public, industry and healthcare professionals and key elements of this document will be incorporated into wider service information which is currently under development.

**3.46 The adoption of the Policy Document clearly defines Dame Elish Angiolini's recommendation that the Council work with the Scottish Government to determine the most effective way to provide greater reassurance to the next of kin that the ashes of their child will be recovered, and that the FBCA and ICCM devise clear industry guidelines to support its members in this regard. These actions will ensure that Dame Elish Angiolini's recommendation that those supporting bereaved parents are able to provide accurate and understandable information on the choices available, and that a protocol is developed to ensure consistency and sensitivity in carrying out these discussions.**

#### Process mapping

3.47 In response to recommendations from both Dame Angiolini's and the onsite FBCA's report, a clearly defined process map (Appendix 6) for handling of all remains has been developed with the active involvement of the Mortonhall staff team. This incorporates the recent legislative changes around Death Certification which were introduced in May 2015, and will ensure clarity and consistency of processes for local staff around this sensitive work.

3.48 This documentation will be incorporated in records required for the ongoing BSI assessment. This will also enable the cremation service to provide clear information to partners, such as Funeral Directors and NHS Lothian, on its approach to the sensitive handling of remains which can in turn be communicated to the bereaved. The process map was also available for the Inspector of Crematoria during his initial introductory visit and the documentation will be available for follow on visits.

#### Document retention

3.49 With the support of the Council's Information Governance Team, an improvement programme is underway to implement an appropriate storage, archiving and retention policy of crematorium records. These improvements will make it easier for relatives to find out about the last resting place of their loved ones, while ensuring compliance with all appropriate legislation and Council document retention policies. Recommended retention timescales will also be adapted in future to allow the adoption of nationally agreed legislative changes arising from the work of the National Committee and from the revised Burial and Cremations Bill currently undergoing parliamentary process.

## Fire incident

- 3.50 A significant fire occurred at Mortonhall Crematorium on Tuesday 24 March 2015, causing considerable damage to the roof of the building. This led to the enforced cancellation of all services and cremations during the days immediately following the incident, while a coordinated response effected temporary wind and watertight and structural safety actions. As a result of this incident all four cremators were inoperable for a period of approximately six weeks. Subsequently, memorial services were able to be held in the chapels which were not affected by the fire, with cremations taking place elsewhere during April 2015 as arranged by Funeral Directors and agreed and authorised by affected relatives.
- 3.51 The onsite team was in regular contact with Funeral Directors to brief them on the incident and to activate communications with bereaved families for services affected. Online communication platforms were updated daily to ensure members of the public were kept aware of the situation as it developed.
- 3.52 Following this incident, the Inspector of Crematoria was briefed by the Senior Manager responsible for Bereavement Services. An offer of support was received from the FBCA and dialogue was also held with the Scottish Environment Protection Agency (SEPA).
- 3.53 Remedial repair work to the roof of the building was carried out during April 2015, ensuring that the area affected by the fire was made good as quickly as possible. As a result cremations were able to resume as planned at Mortonhall in early May 2015.
- 3.54 Prior to this incident, work had been ongoing with the Council's Procurement Team to obtain and commission replacement equipment. This process has now been expedited to ensure that the service becomes fully operational and compliant as quickly as possible, given the impact of the damage.
- 3.55 An incident report and Health and Safety Executive dangerous occurrence report have been completed, and results from onsite assessments will feed into the Council's Fire Safety Review.
- 3.56 The Mortonhall local team has worked hard to ensure inevitable disruption to day to day service delivery caused by these events was kept to a minimum, and have continued to support and engage with the Mortonhall Action Team throughout this period in progressing overall project goals. Affected families, Funeral Directors and Edinburgh Crematorium Ltd also responded with patience and flexibility to these changing circumstances and the Council's Bereavement Service would like to note its thanks for this understanding.

## Environmental compliance

- 3.57 An onsite assessment by the Scottish Environmental Protection Agency (SEPA) in March 2015 identified key areas requiring further work by the Council. SEPA will work closely and supportively with the City of Edinburgh Council to support improved reporting, specifically in relation to emission testing and root cause analysis for minor emissions breaches. Further inspections will be carried out later in the year to ensure ongoing improvements are maintained. It is anticipated this position will be much improved with the introduction of a new cremator.
- 3.58 As agreed in the course of the SEPA Inspector's visit in March 2015, monthly reports will be submitted to SEPA by crematorium managers. This will facilitate open communication with SEPA to ensure that all issues are identified and dealt with as quickly as possible, and will support the timely submission of the annual monitoring report in autumn 2015.
- 3.59 A small scale cremator was acquired by the City of Edinburgh Council during 2014. Appropriate training and safe working practices and risk assessments will be in place prior to commissioning of this piece of equipment. Further building work will be required to ensure a high quality and sensitive level of service for this new process, and these have been explored through onsite visits from the Council's Asset Management and Building Standards Teams and the Scottish Fire and Rescue Service. Officers continue to work with SEPA in regards to the variation of the environmental emissions permit to allow the use of the small scale cremator at Mortonhall.

## **Legislative documentation**

- 3.60 A key action for the Council as recommended by Dame Angiolini was to revise the Application for Cremation Form (Form A) to ensure greater clarity of understanding on the part of those who were completing the form. The Mortonhall Action Team carried out extensive desktop research and comparison with similar forms used by other Cremation Authorities, incorporating feedback from Mortonhall team members and members of the Chief Executive's Multi-Agency Working Group, and taking account of legal review.

- 3.61 The latest draft was considered by the Chief Executive's Multi-Agency Working Group on 16 January 2015. Their view was that, as positive progress in this area was also being made by the National Committee sub groups, it would be advisable to await the outcome of any statutory processes. The Chief Executive's Multi-Agency Working Group acknowledged the need to improve clarity and support for those completing this form, and therefore has requested that the existing statutory form be supplemented with refreshed explanatory guidance. This supplementary guidance was approved by the Council in February 2015.
- 3.62 As recommended by Dame Elish Angiolini in her report, the supplementary guidance aims to clarify the process for those completing the form, and has been written in plain and sensitive language which clearly supports the applicants' understanding of permissions asked of them, and actions which will be discharged by service providers on their behalf as a result of this permission. The supplementary guidance will support the next of kin of the deceased to understand their choices regarding the disposal of ashes.
- 3.63 The Scottish Government issued an interim revised version of the existing statutory Form A as part of the suite of documents issued in May 2015 following the introduction of the revised Death Certification process. This has now been adopted by Mortonhall Crematorium and copies circulated to key partners.
- 3.64 The Scottish Government continues to consult on the design and content of the statutory Form A to include greater clarity around the definition of ashes and clear options for the bereaved on what they would like to happen to the cremated remains of their loved one. The National Committee and the Chief Executive's Multi-Agency Working Group will continue to contribute to this national process, in line with legal and industry advice, and it is intended that the Council will be required to adopt this and any other statutory paperwork in due course. This will be subject to reporting through the relevant Committee.
- 3.65 This work under progress will ensure that Dame Elish Angiolini's recommendation that the application form provides clarity to those completing it on the implications of the decisions they are being asked to make.**

## **Memorial**

- 3.66 The Council has continued to work with affected parents and collaboratively with SANDS Lothians and SiMBA in regards to improving the landscaping around Mortonhall, and the design and location of a fitting memorial to babies affected by historical practices at Mortonhall.



- 3.67 Following a number of consultations and meetings involving affected parents around the potential location, style and design of any memorial options, it was agreed by parents that a memorial should be developed at Mortonhall recognising the significant feedback received in support of this. It was also agreed that, in acknowledgement of feedback received from parents who would find it difficult to return to Mortonhall, that a second memorial be developed in an alternative location.
- 3.68 The Mortonhall Action Team has worked closely with garden landscape designers to develop four initial garden design options. Of the three designers who were invited to tender, two of these provided initial scoping designs based on feedback from affected parents. Both designers demonstrated exceptional commitment to supporting the work of developing fitting memorial spaces for those affected. These scoping designs were available for consultation with parents during February 2015 and the design preferred by parents was presented to the Chief Executive's Multi-Agency Working Group in March 2015, and noted by the Transport and Environment Committee on 2 June 2015.
- 3.69 The initial design options presented to parents were:
- Design 1 – circular garden and benches;
  - Design 2 – walled circular water feature garden;
  - Design 3 – walled garden and sheltered bench; and
  - Design 4 – semi-circular garden and benches
- 3.70 Parents were asked to say which design most clearly matched their idea of a suitable memorial, providing an area for quiet visitation and contemplation, and an area for the families and loved ones of babies.
- 3.71 Based on the views expressed by parents, the preferred design that has emerged is Design 2 – walled circular water feature garden (Appendix 7).
- 3.72 The Mortonhall Action Team has been working closely with the Council's Procurement Team, the designer and other contractors in progressing and refining the design for Mortonhall Crematorium to ensure this remains tailored to the wishes of parents. Positive progress in this regard will support a proposed November 2015 completion date.

3.73 As previously reported to the Corporate Policy and Strategy Committee, an offer of dedication has been received from the Church of Scotland Social and Community Interests Committee to rededicate land, should this be desired, when memorial options are agreed with affected parents and implemented on the chosen site. Meetings have been held with the Convener of the Church of Scotland Social and Community Interests Committee in December 2014 and April 2015 to discuss the best approach to this. In addition, this discussion identified further potentially important opportunities for dialogue with multi faith communities across the City, to ensure that any actions currently being progressed are inclusive of all cultures and beliefs. This has also been incorporated into an updated Equalities and Rights Impact Assessment.

#### Alternative memorial

3.74 Parents who did not wish to return to Mortonhall also requested that a further memorial location be identified from one of the alternative range of options they had suggested. From this, 11 potential locations were available for consultation on throughout March 2015. Parents were asked to say which location most clearly matched their idea of a suitable place for the memorial and the potential location options were:

- Arthur's Seat / Holyrood Park;
- Blackford Hill and Blackford Pond;
- Braid Hills;
- Calton Hill;
- Inverleith Park;
- Lauriston Castle;
- Little France Hospital;
- The Meadows;
- Princes Street Gardens;
- Queen Street Gardens; or
- Saughton Park.

3.75 As noted by the Transport and Environment Committee on 2 June 2015, based on feedback from parents the preferred location for the alternative memorial is **Princes Street Gardens**. Work will continue with parents, the Council's Parks and Green Space team and other partners to identify a suitable location within Princes Street Gardens for a beautiful and fitting memorial.

- 3.76 The Council recognises how important it is to ensure that both of the memorials are delivered to a very high quality and sensitively designed within time scales, and officers will continue to work with, consult and inform affected parents as these projects move forward. A letter has been sent to affected parents advising them of the consultation outcomes and requesting feedback on the individual wording of inscriptions remembering their loved ones (Appendix 8). This was discussed by the Chief Executive's Multi-Agency Working Group at its meetings on 15 May and 5 June 2015.
- 3.77 This work addresses Dame Elish Angiolini's recommendation that the Council work with those affected to develop a dignified memorial to babies whose remains may be interred at Mortonhall, and the development of an additional memorial elsewhere given the feelings of many parents towards Mortonhall.**

#### Ongoing maintenance

- 3.78 Close work with parents and local teams has ensured that the design brief supplied to designers will ensure long term sustainability and ease of future maintenance. Each memorial will reflect the nature of its surroundings and context in terms of design and materials used. The designs will take account of existing land conditions, services, traffic levels and all other relevant factors.
- 3.79 From individual concerns raised by affected parents during consultation, and subsequent discussion at the Chief Executive's Multi-Agency Working Group, the Chief Executive has requested that Council agree in principle to the ongoing allocation of sufficient revenue funding to ensure the finalised memorials are maintained in a respectful manner fitting the memory of those babies affected by historical practices at Mortonhall Crematorium.
- 3.80 Council is also asked to provide reassurance to all users of Mortonhall Crematorium by agreeing in principle that income generated from Bereavement Services be targeted to ensure the ongoing maintenance of public facilities, grounds and environment of the Crematorium to the highest standards.

#### **Working with partner organisations**

##### Scottish Government

- 3.81 Following publication of Lord Bonyon's Infant Cremation Report in June 2014, the Scottish Government established a National Committee on Infant Cremation to deliver the 64 recommendations from the Infant Cremation Commission (which will also address the specific points from the Mortonhall Investigation accepted by the Government).

- 3.82 The National Committee is chaired by Scottish Government, overseen by the Minister for Public Health, and has more than twenty members from multiple organisations and sectors including: clinical and neonatal experts; cremator manufacturers; crematoria and funeral directors representative organisations; bereavement organisations; private and local authority cremation authorities and policy officials from England and Wales, and Northern Ireland. There are also parent representatives on the Committee to ensure that those who have been most affected by issues in the past have a real say in improvements to policy, practice and law now and in the future.
- 3.83 The Senior Manager who leads these services represents the City of Edinburgh Council on this Committee.
- 3.84 The National Committee has established a series of sub groups to deal with specific work streams as follows:
- Policy and Code of Practice - to develop an overarching Code of Practice for infant cremation (the City of Edinburgh Council is a member of this group);
  - Cremation Practices - to look at the recommendations on the process within crematoria (the City of Edinburgh Council is a member of this group);
  - Shared Cremation - for policy and practice in relation to shared cremations (for pregnancy loss or terminations) normally arranged by the NHS;
  - Training and Communications - for training and professional development across the NHS, cremation authorities and funeral directors; and
  - Records and Forms – to deal with the various recommendations to statutory forms and record keeping (the City of Edinburgh Council is a member of this group).
- 3.85 Good progress is continuing to be made on recommendations, including the publication of updated guidance from the Chief Medical Officer on the disposal of pregnancy loss, which was issued to the NHS in April 2014.
- 3.86 The National Committee drafted and agreed a Level 1 Code of Cremation Practice on Infant Cremations in June 2015. The agreed structure of the Code of Practice is for an overarching 'Level 1' Code of key principles that are applicable to all, supported by six sets of sectoral and information 'Level 2' Guidelines. Underneath these sit new or pre-existing organisational operational procedures, policies etc (a national 'Level 3') which organisations will ensure are aligned with and reflect the Level 1 and Level 2 Code of Practice documents. The Code of Practice Level 2 documents are still in development and will be published and adopted by the City of Edinburgh Council in due course (Appendix 9).

- 3.87 The Scottish Government is to work on the basis that the majority, if not all of the recommendations from the Commission, will be completed by the first anniversary of the National Committee meeting in October 2015.

Purposed Bill relating to burial and cremation and other related matters in Scotland

- 3.88 The Scottish Government's consultation on the proposed Bill relating to burial and cremation and other related matters in Scotland was open for feedback from late January 2015 for 12 weeks. There was a very good response to the consultation and an update at the June meeting of the National Committee highlighted over 180 responses have been received which are now being analysed. The City of Edinburgh Council also supported the wide dissemination of opportunities for members of the public to participate in this consultation by circulating information through community and faith networks.
- 3.89 Work has already commenced to provide policy instructions to legal drafters and the plan is for the Bill to be introduced into Parliament after the summer, with the Parliamentary process taking until early 2016. This Bill takes account of findings from previous Scottish Government working groups, and includes proposals to implement recommendations from Lord Bonomy's Report of the Infant Cremation Commission of June 2014. The Bill aims to ensure that a legal framework is developed which ensures that appropriate dignity and respect is shown when carrying out burials and cremations. These recommendations cover a wide range of issues, including the general management of graveyards, proposals to ease pressure on burial land and modernising the legal framework for burial and cremation. Collectively, these recommendations represent the most significant overhaul of burial and cremation practices for well over 100 years, and aims to provide a legal process that is fit for 21<sup>st</sup> Century Scotland.
- 3.90 In addition to the recommendations from the Burial and Cremation Review Group and the Infant Cremation Commission, the consultation paper also considered various other related proposals, including addressing the issue of funeral poverty as it was felt that this was an area of concern.
- 3.91 The paper also made proposals about the regulation of the funeral industry. While there are a number of professional bodies for the funeral industry, there is no formal regulatory system currently in place.
- 3.92 The [City of Edinburgh Council's response](#) to this consultation was approved by the Corporate Policy and Strategy Committee on 24 March 2015, and has now been submitted to the Scottish Government.

**3.93 The consultation process and eventual implementation of the Bill will ensure greater clarity around the definition of ashes, legal definition of stillborn and NVFs, and cremation of body parts as recommended by Dame Elish Angiolini. Joint partner work with key stakeholder organisations as part of the National Committee addresses Dame Elish Angiolini's recommendation that communication on these matters is carried out on a more formal basis.**

#### Inspector of Crematoria

3.94 In March 2015, the Scottish Government appointed an Inspector of Crematoria. This appointment will fulfil one of the recommendations from the Infant Cremation Commission led by Lord Bonomy. The Inspector of Crematoria will:

- ensure Cremation Authorities in Scotland are adhering to current legislation and best practice;
- respond to complaints or queries from the public about cremations;
- inspect cremation registers and other statutory documentation to ensure they are being properly completed and maintained
- provide direction to crematoria managers and staff to ensure they are operating in line with the recommendations of the Infant Cremation Commission; and
- support the development of future primary legislation on burials and cremations.

3.95 The Inspector of Crematoria, Robert Swanson, QPM spent a 41 year career in the police spent investigating some of the most serious and sensitive criminal cases. Mr Swanson also spent time in Thailand as the Senior Investigating Officer for UK police in response to the 2004 Boxing Day Tsunami. Mr Swanson's role includes undertaking an inspection visit to every crematorium in Scotland at least once a year. Mr Swanson carried out an informal initial visit to Mortonhall in May 2015, and will undertake a formal inspection in approximately six months.

**3.96 The appointment of the Inspector of Crematoria addresses Dame Elish Angiolini's recommendation that robust systems of audit and inspection are implemented to ensure safe and compliant working practices and that service providers are working in an accountable and transparent manner.**

3.97 A letter dated 17 June 2014 from Michael Matheson MSP, then Minister for Public Health, urged all Cremation Authorities in Scotland to give immediate consideration to the recommendations in Lord Bonomy's report and take steps to respond where it is possible to do so. In particular to:

- recommendation 1 – overarching principles for cremation;
- recommendations 3 and 4- definition of ashes;
- recommendation 6 – recovery of ashes;
- recommendation 7 – use of cremation trays for baby cremation;
- recommendation 11 – Cremation Authority policy statements;
- recommendation 34 – shared cremations; and
- recommendation 39 – retention of records and documents.

3.98 The Council is now able to demonstrate clear positive response to these recommendations through its Cremation Service Policy Statement. The Policy Statement outlines the range and quality of service users can expect and sets out the Council's commitment to providing a customer focussed quality service with the needs of the bereaved central to its ethos.

3.99 Working practices at Mortonhall have been revised on an ongoing basis in response to the recommendations. These include all cremations being carried out according to revised Codes of Practice produced by the FBCA and ICCM, and the use of specially designed trays for infant cremations, enabling ashes to be recovered in the majority of cases.

3.100 The Corporate Policy and Strategy Committee agreed the definition of ashes as outlined in the previous update on 4 November, and this has now been incorporated into the Policy Statement and other documentation.

3.101 Recommendations 34 and 39 continue to be addressed by the National Committee and its relevant sub groups. It is envisaged that the Council, as participants on the National Committee and its sub groups, will be required to agree the adoption of approaches arising from these work streams. Updates on all of this work is available to view at

<http://www.scotland.gov.uk/Topics/Health/Policy/BurialsCremation/NCIC>

#### Infant Cremation: National Investigation

3.102 In June 2014 the Minister for Public Health announced in the Scottish Parliament the establishment of a National Investigation into infant cremations in Scotland. Dame Elish Angiolini's Mortonhall Investigation Report, published by the City of Edinburgh Council on April 30, 2014, provided specific answers to affected families in the Edinburgh area, as well as some wider recommendations. Lord Bonomy's Infant Cremation Commission Report, published by the Scottish Government on June 17, 2014, then provided national recommendations for future improvements.

- 3.103 The National Investigation provides every parent whose baby was cremated in Scotland with the same opportunity to have their concerns regarding their cases investigated, with an individualised response.
- 3.104 The National Investigation is currently considering cases from crematoria across Scotland. All authorities and crematorium staff are co operating with the investigation.
- 3.105 The National Investigation has now registered over 100 cases, with the team continuing to receive and accept new cases. The National Investigation has sent documentation to parents to allow the team to carry out additional investigations with Health Boards and Funeral Directors, continues to meet with various support groups to discuss the continued assistance they provide to parents during the investigation, and provides regular updates to affected parents who have registered.
- 3.106 The National Investigation currently includes 36 cases from Mortonhall which are not part of the original Mortonhall Investigation. The Council has continued to work closely with the National Cremation Investigation team on these cases and interviews with these affected parents are scheduled to be completed in July 2015. To date, these have not led to additional questions for crematorium or Council staff. Updates on the work of the National Investigation are available to view at <http://www.gov.scot/About/Review/national-cremation-investigation>

#### NHS Lothian

- 3.107 Ongoing dialogue continues with NHS Lothian and other partners to develop and refine training and guidance for those taking parents through the process of arranging their baby's funeral and supporting them to make the choices that are right for them.
- 3.108 The Council's Cremation Service Policy Document was circulated by the City of Edinburgh Council's Chief Executive to all key partners including Funeral Directors and NHS representatives in March 2015. This provided a clear and unambiguous statement on the range and quality of services provided by Mortonhall Crematorium, therefore enabling practitioners to provide parents or affected relatives with reassurance that the service would be provided in a sensitive and compliant way.
- 3.109 Meetings are ongoing with NHS Lothian around ways to ensure that the suite of information supplied to parents is clear and accurate, and takes into account the end to end process involving all agencies who come into contact with the bereaved. Further Learning and Networking workshops are being planned for, and scheduled for late autumn 2015.



3.110 Following discussion with NHS Lothian partners, and given this is not a legislative requirement, it was suggested that the City of Edinburgh Council give consideration to developing a more user-friendly Application for Cremation form (Form A) for under-24 week losses. These are not currently covered by legislation requiring completion of the statutory version of Form A. A similar form is already in use by Edinburgh Crematorium Ltd. and with the permission of Jim Nickerson, General Manager, and input from Mortonhall local staff, has been adapted for use within a Council context. This form is designed to ensure a balance between capturing the required information while simplifying as far as possible the process for bereaved parents at a very difficult time. The Council is asked to approve the adoption of this non-statutory form which is included in Appendix 10, pending the introduction of revised statutory paperwork arising from legislative changes expected in 2016

**3.111 These actions will ensure that Dame Elish Angiolini's recommendation that the NHS staff who are supporting bereaved parents are able to provide accurate and understandable information on the choices available, and will ensure that a protocol is developed to ensure consistency and sensitivity in carrying out these discussions.**

### **Key achievements and moving forward**

3.112 The establishment of a dedicated Multi-Agency Working Group chaired by the Chief Executive, working closely with parents, the local service team, the Mortonhall Action Team and partners; supported by a Senior Manager, has enabled strong progress against the majority of key agreed actions.

3.113 These actions have included:

- revised practices for infant cremation, with improved record keeping;
- close collaborative engagement and input from all partners in response to the recommendations;
- strengthened approach to customer care using customer feedback and incorporating CSE and Gold Standard as a delivery model;
- strengthened benchmarking approach including regular site visits to other locations;
- training and qualifications progressed for technical and managerial staff;
- service review successfully initiated and in progress, with active input from team members;
- strengthened quality assurance approach with successful BSI compliance awarded in January 2015;
- ongoing support provided to the National Cremation Investigation;

- strong communication and engagement approach with all parents, the bereaved and stakeholders;
- City of Edinburgh Council's Cremation Service Policy Document adopted and circulated to key partners, including the agreed clear statement around recovery of ashes;
- clear end-to-end process map produced for cremation process;
- definition of ashes agreed and adopted;
- strengthened and compliant documentation and recording of processes;
- good progress on development of memorials to affected babies;
- strong partnership work with the Scottish Government as part of the National Committee on Infant Cremation;
- City of Edinburgh Council draft Form A used as a basis for developing the national version of the form; and
- City of Edinburgh Council response provided to inform the consultation on the proposed Bill relating to Burial and Cremation and other related matters in Scotland.
- Scottish Government published Level 1 Code of Practice on Infant Cremation

3.114 Similarly good progress has been made in the following areas, which are subject to further ongoing work, engagement and development with key partners and stakeholders where appropriate:

- initial discussions held with stakeholders and community representatives around progressing a Lay Advisor approach to enhance the operation of Mortonhall Crematorium;
- current and ongoing positive work with the newly appointed Inspector of Crematoria in improving service delivery and quality;
- capital investment in service infrastructure allowing for the delivery of an enhanced and expanded service offering in the future, including new equipment;
- development of performance criteria and monitoring;
- implementation of CRM which will support an enhanced ability to monitor and improve quality of service delivery;
- adoption of a clear document retention schedule, and information recording in line with national legislation;
- developing full environmental compliance in partnership with SEPA;

- delivery of a memorial at Mortonhall by November 2015, and at an alternative location at an agreed later date in liaison with affected parents;
- developing improved landscaping and grounds maintenance in the Mortonhall Crematorium grounds; and
- recruitment of a Cremation Services Change Manager to ensure culture change continues to be embedded and delivered.

3.115 As forthcoming legislative changes are agreed and implemented over the course of the next couple of years, strong support will remain in place to ensure that these are adopted by the relevant service teams within timescales and to the required standards.

3.116 The Scottish Government's Inspector of Crematoria will continue to work with managers, staff and cremation authorities to ensure that all required changes are delivered in accordance to statutory and ethical requirements.

### **Ongoing support for affected parents**

3.117 The Council has continued to receive a number of enquiries from affected parents, many of whom were not part of the original investigation. The Council has continued to work closely and collaboratively with the National Investigation team, the Council's Legal Services, NHS Lothian and other agencies in supporting parents to access historical records pertaining to their loss, and where necessary directing them to further sources of support and advice.

3.118 It is important to recognise that, given the long term emotional distress caused by the death of a baby or child, and the emotional impact on affected parents of historical events at Mortonhall, that the completion of the agreed 22 actions is unlikely to represent closure for those parents and families who have lost a loved one. In this regard, the Council will continue to maximise opportunities for providing information and directing the bereaved to sources of emotional support and guidance provided by SANDS Lothians, SiMBA and other similar organisations.

3.119 The memorials at Mortonhall and within Princes Street Gardens aim to provide a long term source of comfort and solace to those affected. Onsite team members at Mortonhall will be supported to continue to provide grieving parents and families with a sympathetic and understanding level of support, complemented by enhanced access and signposting to external organisations who provide experienced support to bereaved parents.

3.120 Dame Elish Angiolini concluded her report with the words “The great tragedy of these events over many years is that many parents will now be left with a lifetime of uncertainty about their baby’s final resting place”. Although implementation of the key actions recommended by Dame Elish Angiolini will never be able to change this uncertainty, delivery against the majority of recommendations will ensure a much stronger governance framework both locally and nationally, and ensure that the issues that gave rise to the original investigation will never happen again. This in turn may provide a degree of comfort to those affected, and enable greater confidence from the bereaved and those supporting them in the quality of service delivered at Mortonhall Crematorium.

### **Report into Infant Cremations at Emstrey Crematorium, Shropshire**

- 3.121 An independent inquiry into infant cremations at Emstrey Crematorium in Shrewsbury was commissioned by Shropshire Council at the request of bereaved families to look into cases where no ashes were returned to families following the cremation of a baby or unborn child.
- 3.122 The inquiry began in December 2014 and was published on 1 June 2015. It was led by chairman David Jenkins, supported by research assistant John Doyle. The remit of the inquiry was to review the policies, practices and procedures adopted by Emstrey Crematorium and its partners when carrying out infant cremations during the past fifteen year period, and to publish a series of findings and recommendations.
- 3.123 The inquiry team interviewed bereaved families, current and former members of crematorium staff, council officers, representatives from Co-Operative Funeralcare - the current operator of Emstrey Crematorium - representatives from funeral directors, staff from other crematoria, support groups and health professionals, government officials and others.
- 3.124 The report, with appendices, extends to over 90 pages in total, and concludes with 7 nationally applicable recommendations and 4 locally focussed recommendations.

#### Nationally applicable recommendations:

1. The Government takes steps to ensure a single and authoritative Code of Practice for baby and infant cremations.
2. Appointment of an independent inspector with powers comparable to those outlined in the Bonomy report.

3. Inspector's responsibilities to include the promotion of a single national Code of Practice with regard to cremator technology and techniques for infant cremations so as to maximise the chances of the preservation of ashes that can be returned to the applicant for the cremation.
4. Cremation Regulations are amended in England, as in Scotland, to give effect to the Bonomy Commission's definition of ashes.
5. Minimum standards of professional training and for continuing professional development be introduced for crematorium supervisory and operating staff.
6. A single official, reporting to a single minister, to be given responsibility for coordinating the government's approach to cremation law and practice and for drawing together into a coherent whole the policies, including environmental policies, of different government departments on the subject.
7. Bonomy Commission's recommendations to be considered more widely for their applicability for infant cremation law and practice.

#### Local recommendations for Shropshire

1. Ensure that adequate arrangements and financial provision are made to ensure that the crematorium equipment is maintained in good order and at optimum performance, and is renewed promptly when it is time to do so.
2. Shropshire Council to ensure and participate in arrangements for regular liaison with Co-operative Funeralcare, funeral directors, funeral officiants, and hospitals so as to keep connected with practical service issues and contribute to a high quality of public service being provided at the Emstrey Crematorium.
3. Shropshire Council to ensure that the management arrangements for its bereavement service include expertise and competencies normally associated with personal social care, as well as expertise associated with the technical aspects of cremator technology.
4. Shropshire Council to ensure that there is a programme of continuing professional development in place for managerial and operating staff at the Emstrey crematorium.
5. The Co-operative Funeralcare and Shropshire Council now consult on and then jointly issue a revised and plainly written Ashes Policy Statement, to be made known to local funeral directors, officiants, and hospitals.

**3.125** While David Jenkins report established that the failure to return ashes after infant cremations at Emstrey was historic rather than current, his recommendations for future practice aim to address cremation practices nationally. Many of his recommendations are indebted to the work carried out in Scotland by Dame Elish and Lord Bonomy, and whose own recommendations are currently in progress of being addressed as outlined in this report.

### **Closing remarks from Sue Bruce, Chief Executive**

3.126 In presenting this Report to Council I would like to offer my sincere thanks to all those who have given their time and expertise to support the delivery of the recommendations and in ensuring the experiences of parents historically are never repeated. In particular, I would like to offer my thanks to members of the Multi-Agency Working Group whose support, both professional and personal, has been absolutely crucial to ensuring that progress has continued to be made, and ensuring that the focus, quite rightly, has remained on the parents who were affected by these events. The Multi-Agency Working Group has agreed that in order to continue its overview of progress, it will continue to meet bi-annually, and that a further update report be presented to Council one year from now to evidence further progress in this regard.

3.127 I would also like to record my thanks to all those involved in this process who have given their time – in particular Dame Elish Angiolini, Lord Bonomy, City of Edinburgh Council staff, colleagues within NHS Lothian, Scottish Government, the National Investigation, the wider funeral and cremation industry, the Federation of Burial and Cremation Authorities and the Institute of Cemetery and Crematorium Management, the garden designers who have worked so hard to create fitting memorials to babies affected, and all those who have in any way supported the Council to respond to and learn from the recommendations.

3.128 Most importantly, I would like to thank all affected parents who have supported this process, particularly in giving their time to work with the Council around developing options for memorials to those affected. I am sure we all would recognise the significant hurt and emotional impact that these events have caused parents. I very much appreciate their constructive engagement and dialogue with the Council in these difficult circumstances, and working with us to ensure that this never happens again.

## **Measures of success**

---

4.1 Successful delivery of Action Plan. If the measures taken are successful, no bereaved parent in future will suffer the same experience as the parents involved in the investigation.

- 4.2 Affected parents feel reassured that actions have been delivered to respond to the recommendations highlighted in Dame Elish Angiolini's report, and that they have had an opportunity to influence the outcomes on behalf of the baby lost to them and their families.
- 4.3 A Policy Document will clearly outline the framework and standard to which cremation services has been delivered. Reviewed practices and record keeping now in place.
- 4.4 The Mortonhall team will meet the required standard on an internal self-assessment against CSE criteria, including the adoption of required culture change, by November 2015.
- 4.5 Robust performance measurement against identified performance criteria will provide management information on ongoing performance.
- 4.6 Delivery of a suitable and sensitively designed memorial at Mortonhall Crematorium by November 2015 and second memorial within Princes Street Gardens within an agreed timescale with affected parents.

## **Financial impact**

---

- 5.1 The financial resources required to deliver these actions will be contained within existing Council budgets.

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

---

- 6.1 Risks and issues of non compliance were identified by Dame Elish Angiolini, DBE, QC during her original investigation and have been addressed in her recommendations and subsequent Chief Executive's Multi-Agency Working Group Action Plan. The suite of improvement actions will be delivered with clear oversight from the Council's Chief Executive, and within a strong governance framework and action plan incorporating clearly delineated milestones and responsible parties identified.

## **Equalities impact**

---

- 7.1 The activities listed in this report will contribute to a significant enhancement of rights, particularly in relation to Health, Individual, Family and Social Life, Participation, Influence and Voice, and Productive and Valued Activities.

## Sustainability impact

---

- 8.1 Any change to process and equipment at Mortonhall will be fully discussed and agreed with the Scottish Environmental Protection Agency, to ensure compliance with all relevant environmental legislation.

## Consultation and engagement

---

- 9.1 Ongoing consultation and engagement has continued through the Chief Executive's Multi-Agency Working Group with a wide range of stakeholders, including affected parents, parent representative bodies (SANDS Lothians and SiMBA), NHS Lothian, Scottish Government, Funeral Directors and Edinburgh Crematorium Ltd (Seafield and Warriston crematoria); Mortonhall staff team, and taking account of guidance produced by industry professional bodies FBCA and ICCM.

## Background reading/external references

---

Report from Mortonhall Investigation and Action Plan, City of Edinburgh Council 26 June 2014

Report of Infant Cremation Commission June 2014

[Scottish Government National Committee on Infant Cremation](#)

[Infant Cremations: National Investigation](#)

### Sue Bruce

Chief Executive

Contact: Natalie McKail, Environmental/Scientific Services, Registration, Bereavement, Local Community Planning and Mortonhall Action Team Manager

E-mail: [Natalie.mckail@edinburgh.gov.uk](mailto:Natalie.mckail@edinburgh.gov.uk) | Tel: 0131 529 7300

Contact: Ewan McCormick, Mortonhall Action Team Programme Manager

E-mail: [Ewan.mccormick@edinburgh.gov.uk](mailto:Ewan.mccormick@edinburgh.gov.uk) | Tel: 0131 529 7300



## Links





---




<b>Coalition pledges</b>	<p>P27 - Seek to work in full partnership with council staff and their representatives</p> <p>P51 - Investigate the possible introduction of low emission zones</p>
<b>Council outcomes</b>	<p>CO18 – we reduce the local environmental impact of our consumption and production</p> <p>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</p> <p>CO23 - Well engaged and well informed – Communities and individuals are empowered and supported to improve local outcomes and foster a sense of community</p> <p>CO24 - The Council communicates effectively and internally and externally and has an excellent reputation for customer care</p> <p>CO25 - The Council has efficient and effective services that deliver on objectives</p> <p>CO26 - The Council engages with stakeholders and works in partnership to improve services and deliver on agreed objectives.</p> <p>CO27 - The Council supports, invests in and develops our people</p>
<b>Single Outcome Agreement</b>	<p>SO2 - Edinburgh’s citizens experience improved health and wellbeing, with reduced inequalities in health</p> <p>SO4 – Edinburgh’s communities are safer and have improved physical and social fabric</p>
<b>Appendices</b>	<p>Appendix 1: Mortonhall Action Plan update</p> <p>Appendix 2: Analysis of customer comment cards</p> <p>Appendix 3: Cordoned zone principles</p> <p>Appendix 4: BSI Report, January 2015</p> <p>Appendix 5: Letter sent by Chief Executive to partners on Policy Statement</p> <p>Appendix 6: Cremation Process Map</p> <p>Appendix 7: Preferred Mortonhall Memorial Garden design</p> <p>Appendix 8: Update letter to affected parents, May 2015</p> <p>Appendix 9: Scottish Government Code of Practice – Infant Cremations</p> <p>Appendix 10: Draft Application for Cremation Form for under 24-week gestation losses</p>




## Appendix 1: Chief Executive's Working Group action plan May 2015




	Summary of Recommendation	Decision(s)/Discussion	Action By	Actions	Supplementary Action	Update(s)	Open / Closed
1	<b>The Council should review how Mortonhall Crematorium is managed.</b>	City of Edinburgh Council Officers to expand upon recommendation 1 and assign timescales as to when the review of how the crematorium is managed will be completed.	City of Edinburgh Council - Natalie McKail	<b>05.06.2014</b> To develop and roll out a management and leadership programme (LM1 & LM2) and tailored Personal development Programme.		<p><b>03.09.2014</b> Managers have been encouraged to engage with the Council's Leadership Matters development programme, and to play a key role in local implementation of changes to working practices arising from the investigation and actions.</p> <ul style="list-style-type: none"> <li>• A detailed training needs analysis has been developed for staff and managers.</li> </ul> <p><b>7.10.14</b> Comprehensive update on actions presented to Chief Executive Working Group reported through draft Corporate Policy and Strategy Committee Report</p> <p><b>14.11. 14</b> A formal request has been logged with ICCM for frontline operative staff to undertake refresher training in revised modules on infant cremation, and are awaiting confirmation of available dates. CEC likely to be first local authority to undertake this training. Bereavement Services Manager to undertake appropriate certified training. Continued dialogue with staff team about embedding culture of continuous improvement and customer focus.</p> <p>Away day held <b>12.11.14</b> to develop and enhance team involvement in ongoing action planning, including positive input into Policy Statement and Journey of ashes.</p> <p><b>13.3.15</b> BSI Audit visit held 15<sup>th</sup> January 2015 resulted in successful recertification. Copies of this report can be made available. Following visit scheduled for July 2015 and will cover:</p> <ul style="list-style-type: none"> <li>•ISO Quality Management System (service update including changes/responsibilities, Quality Manual, Operations Guide, Management Review, Internal audits, preventive actions and improvements.)</li> <li>•Customer satisfaction and Complaints</li> <li>•Burial processes and visit to possibly 2 cemeteries</li> </ul> <p>Policy Statement drafted with input from staff and managers agreed for adoption by City of Edinburgh Council on 5<sup>th</sup> February 2015</p> <p><b>15.05.15 Policy Statement distributed to key partners 9<sup>th</sup> March 2015</b></p>	Open






							
				<p><b>05.06.2014</b> To establish an Implementation Team, to include officers from Mortonhall, Business Improvement, Asset Management and the Health and Safety Team.</p>		<p><b>03.09.2014</b></p> <ul style="list-style-type: none"> <li>An Implementation Team, to include officers from Mortonhall, Business Improvement (People Planning and Development), Asset Management and the Health and Safety Team, will be working jointly in implementing a culture change incorporating the PROSCI Change Management approach.</li> <li>The Mortonhall Action Team has carried out an extensive mapping exercise identifying cross-linkages between the CEC, Dame Elish and Lord Bonomy recommendations and subsequent action plans. Work is also underway to incorporate specific actions arising out of observations from the external scrutiny report to create a comprehensive service improvement programme.</li> </ul> <p><b>7.10.14</b> Comprehensive update on actions presented to Chief Executive Working Group reported through draft Corporate Policy and Strategy Committee Report.</p> <p><b>14.11.14</b> Continued active participation from Mortonhall Action Team and other service teams within CEC to ensure good and continual progress is being made on delivery of actions. Weekly updates shared between teams, joint discussions with Learning and Development around delivery of staff away day sessions, site visits to other locations. Team also taking ownership and responsibility to improve and enhance customer experience, legislative compliance and best practice eg storage of ashes and document retention.</p>	<p>Complete</p>   

				<p><b>05.06.2014</b> To establish a rolling programme of staff engagement.</p>	<p><b>03.09.2014</b> Regular team meetings have been held to develop local staff engagement and awareness of service standards.</p> <p><b>7.10.14</b> Comprehensive update on actions presented to Chief Executive Working Group reported through draft Corporate Policy and Strategy Committee Report.</p> <p><b>14.11. 14</b> staff workshop held on 12.11.14 focusing on achievements to date and concentrating on specific workstreams for moving forward. These include team input to wording of a draft Service Policy Statement, and agreeing best approach to ensure optimum methodology for identifying and recording location of ashes. These actions will be taken forward as part of an ongoing programme of staff away days and Tuesday morning discussion sessions.</p> <p><b>16.01.15</b> Follow up meeting arranged for 16 Feb 15.</p> <p>Fortnightly manager/Action Team meeting schedule in place to enable information sharing and prioritisation of actions</p> <p>Active staff input and consultation into discussions around Policy Document, journey of ashes process, Document Retention and memorialisation</p> <p><b>13.3.15</b> Follow up Team Day held 16.2.15 to enable update on progress, recognition of team contribution to achievements including committee reporting; discussion on developing mission statement and service leaflet, and ways of improving customer journey at Mortonhall.</p> <p><b>15.05.15</b> Following the significant fire at Mortonhall 24 March 2015, Mortonhall Action Team has worked closely with Mortonhall Local Team to update partners and members of the public and providing administrative and other support. This has enabled the on-site team to prioritise ensuring that the service is restored, and longer-term engagement will continue in this context. Regular Tuesday morning sessions continue to be held with the team and input from managers, including the Senior Manager. It is recognised that this has been a difficult time for the service and the staff, and support has been provided in this context.</p>	<p>Open</p> <p></p> <p></p> <p></p>
--	--	--	--	--	---	--


				<p><b>05.06.2014</b> To develop and implement a system for capturing customer service feedback.</p>	<p><b>03.09.2014</b> A draft multi-agency questionnaire has been developed for discussion with partners. A customer feedback comments card has been produced and is now available in the Mortonhall office, Chapel of Remembrance and Waiting Room. This was launched in August 2014 and staff briefings on "closing the loop" are being led by the Bereavement Services Manager.</p> <p><b>7.10.14</b> Comprehensive update on actions presented to Chief Executive Working Group reported through draft Corporate Policy and Strategy Committee Report.</p> <p><b>14.11.14</b> Tailored, customer-focus themed self-assessment with staff group to be carried out supported by Business Improvement Team during late November/early December. These aim to work towards creating a customer focused culture which includes regular review of customer feedback by staff team and managers and making appropriate service changes in response.</p> <p><b>16.01.15</b> Following the self-assessment, Crematorium Team will work towards fully reintegrating Bereavement Services into the Sfc CSE assessment by nominating an appropriate representative to join the Sfc-wide CSE project team and citywide Quality Action Group.</p> <p><b>13.3.15</b> Crematorium Services Team Leader progressing CSE workstream with Business Improvement, with aim of being CSE compliant standard by November 2015, supported by Mortonhall Action Team.</p> <p>Initial meeting held with CRM (Customer Records Management) Implementation team to support enhanced recording of customer contact and improve ability of customers to carry out online transactions such as payments. Bereavement Services to be included as part of Phase 3 rollout of CRM between June and August 2015.</p> <p><b>15.05.15 138 customer feedback comment cards received to date and analysed by Mortonhall Action Team. High volume of compliments and suggestions for improvements which are being discussed and incrementally taken forward by the team.</b></p>	<p>Open</p> <p></p> <p></p> <p></p>
--	--	--	--	---	---	--


						
			<p><b>05.06.2014</b> To establish a 5 day review external scrutiny workplan, to identify best practise and inform revised practices.</p>	<p><b>06.06.2014</b> To share the outcomes of the 5 day review external scrutiny work plan with relevant stakeholders.</p>	<p><b>03.09.2014</b></p> <ul style="list-style-type: none"> <li>• 5 day on-site external review of operations at Mortonhall was carried out in June 2014.</li> <li>• A report was subsequently submitted to the City of Edinburgh Council on 21 July 2014. As part of the staff engagement programme, this has been Issued to MH managers and staff and they are being supported to develop and deliver an action plan in response.</li> <li>• To date 2 priority actions have been implemented; a deep clean of the cremulator room and enhanced data recording on BACAS administration software.</li> </ul> <p><b>7.10.14</b> Comprehensive update on actions presented to Chief Executive Working Group reported through draft Corporate Policy and Strategy Committee Report.</p> <p><b>14.11.14</b> Good progress is underway to address actions identified as part of the inspection report. Work underway to deliver commissioning of small scale cremator and procurement of 2 replacement cremators. Review of Safe Working Practice and Health and Safety documentation is substantially complete</p> <p><b>16.01.15</b> Update provided (attached)</p> <p><b>13.03.15</b> Positive progress including establishment of regular team meetings to discuss operational management including service rotas, discussion around policies and procedures and Health and Safety; and agreement around process for recording location of ashes when interred in Crematorium grounds. Funding has now been approved to replace 2 cremators and procurement is now underway for this.</p> <p><b>15.05.15</b> Team focused on immediate remedial actions due to fire. Cremation services offered from 4<sup>th</sup> May as planned.</p>	<p>Open</p> <p></p> <p></p>
			<p><b>05.06.2014</b> To review staffing in Bereavement Services, to include capacity appropriate</p>		<p><b>03.09.2014</b></p> <ul style="list-style-type: none"> <li>• An Organisational Review of Bereavement Services is being initiated. This will include an appraisal of of service functions and</li> </ul>	<p>Open</p>




				<p>levels of technical and administrative resources. The review to include discussions with staff and Trade Unions.</p>	<p>delivery, organisational structures and staffing levels in order to ensure enhanced service management, incorporating a culture of continuous improvement customer focus, within agreed timescales.</p> <p><b>7.10.14</b> Comprehensive update on actions presented to Chief Executive Working Group reported through draft Corporate Policy and Strategy Committee Report.</p> <p><b>14.11.14</b> Draft remit prepared for discussion with staff team and Trade Unions, initial analysis of job descriptions underway. Initial staff engagement sessions to be delivered December 2014.</p> <p><b>16.01.15</b> Postponed to January 2015 pending publication of Organise to Deliver.</p> <p><b>13.1.15</b> Series of 4 Senior Manager/staff sessions to discuss the review scheduled for March/April 2015. Team members will be encouraged to participate in revising job descriptions and service delivered</p> <p><b>15.05.15 Staff sessions ongoing, focusing on practical issues to resume service following fire. Job description review from Cremation Assistants underway involving staff, with drafts to be submitted to HR by end of May 2015.</b></p>	
				<p><b>05.06.2014</b> To develop and implement a bimonthly benchmarking and best practise comparison visit schedule.</p>	<p><b>03.09.2014</b></p> <ul style="list-style-type: none"> <li>• Senior Manager visit to Seafield and Warriston Crematoria in July 2014 followed by visit to H &amp; W Harkess, Funeral Directors and a programme of visits to other establishments involving staff and managers is ongoing.</li> <li>• The Service Manager is in process of arranging further visits to Livingston and Inverclyde.</li> </ul> <p><b>7.10.14</b> Comprehensive update on actions presented to Chief Executive Working Group reported through draft Corporate Policy and Strategy Committee Report.</p> <p><b>14.11.14</b> Visits completed to Livingston, Kettering and Inverclyde to obtain wider industry feedback on different models and use of cremators; future visits to involve wider staff team and to examine other areas of good practice. Other local authorities have been keen</p>	Open





					<p>to demonstrate support for these visits.</p> <p>Mortonhall Action Team members visited Maggie's Centre in Dundee to see example of good customer practice of creating a welcoming environment in a sensitive setting.</p> <p>Learning from these visits will feed into development process for Mortonhall., and for memorialisation discussions. Bereavement Services Manager to maximise networking with Benchmarking Group to enhance opportunities for shared good practice</p> <p><b>16.01.15</b> Visit to Seafeld Crematorium to compare effective use of BACAS software</p> <p><b>13.01.15</b> Planning underway for a further visit in April 2015.</p> <p><b>15.05.15 Bereavement Service Manager, Mortonhall Action Team Manager attending benchmarking meeting 12.5.15 at Kirkcaldy Crematorium. (Visit cancelled at short notice due to ill health of Fife employee – to be rearranged on their return)</b></p>	          
--	--	--	--	--	--	--









				<p><b>05.06.2014</b> To explore, develop and establish a model of customer input to inspect and support the service, for example, Lay Advisers and customer led inspections.</p>	<p><b>11.06.2014</b> NMc to meet with Police Scotland during the week beginning 16.06.2014</p>	<p><b>03.09.2014</b></p> <ul style="list-style-type: none"> <li>• Senior Manager met with Tom Galbraith, Police Scotland and received positive feedback on benefits of lay advice and ways in which this can be used to improve service delivery.</li> <li>• Meeting held with CEC lead and Convenor of Lay Advisors in Edinburgh to discuss whether a model could be developed for the use of lay advice internally within the Council, with the potential for Bereavement Services to be a pilot.</li> <li>• Senior Manager have also had discussions with Willie Reed from Mortonhall Ashes Action Commiteeee in relation to his suggestion that this approach could be used at a national level.</li> <li>• Meeting also held with CEC Tenant-led inspection programme manager to discuss use of this type of approach within a Bereavement Services context. Also have taken expert on application of libraries Gold Standard model to Bereavement Services context.</li> <li>• Closer work with Parks and Greenspace on landscape quality standards and quality assessments planned for the Autumn.</li> </ul> <p><b>07.10.2014</b></p> <p>To note the Scottish Government intend to have a Inspector of Crematoria appointed by December 2014.</p> <p><b>14.11.14</b> Work ongoing to develop framework for lay advisor model for Mortonhall to be piloted from Spring 2015.</p> <p><b>16.01.15</b> A member of staff with previous experience of lay advisor work in a previous role has indicated a willingness to support this workstream, and it is intended that this will be progressed over the next few months.</p> <p><b>13.3.15</b> Meeting to be scheduled with parent representative to discuss Edinburgh model in summer 2015.</p>	<p>Open</p> 
--	--	--	--	--	--	--	---







				<p><b>05.06.2014</b> To develop a communications plan to demonstrate change and to improve the reputation of Bereavement Services.</p>	<p><b>03.09.2014</b> October date planned to include identification of clear descriptions of improvements required</p> <p><b>7.10.14</b> Comprehensive update on actions presented to Chief Executive Working Group reported through draft Corporate Policy and Strategy Committee Report.</p> <p><b>14.11. 14</b> Work ongoing to audit current information resources to develop comprehensive communications strategy for the improvement programme, reflecting range of customer contact ranging from day to day customer engagement to wider, strategic-level communications</p> <p><b>11.12.14</b> Draft comms strategy produced in co-operation with Corp Comms,</p> <p><b>16.01.15</b> Web content updated to outline progress to date (attached)</p> <p>Sourced plasma screen for Mortonhall to improve customer journey based on staff suggestions at away day</p> <p><b>13.03.15</b> Web content updated to reflect positive progress made to date on cremation processes, recovery of ashes, record keeping, development of Policy Document, staff training and qualifications development of memorial options.</p> <p>Letter drafted to partners for sharing with bereaved (attached) to support wider understanding of improved practices at Mortonhall, which can then be communicated to the bereaved.</p> <p><b>15.05.15 Letter from Chief Executive sent to partners to support wider understanding of improved practices at Mortonhall, which can then be communicated to the bereaved March 15.</b></p> <p><b>BSI preparation meeting held by Senior Manager to develop strategy for July 2015 assessment. Lead officer actions agreed.</b></p>	<p>Open</p> 
				<p><b>05.06.2014</b> To establish a quarterly industry forum with practitioners, industry leaders and technical experts.</p>	<p><b>03.09.2014</b></p> <ul style="list-style-type: none"> <li>• National working groups to be expanded</li> </ul> <p><b>7.10.14</b> Comprehensive update on actions presented to Chief Executive Working Group reported through draft Corporate Policy</p>	<p>Complete</p>






					<p>and Strategy Committee Report.</p> <p><b>14.11.14</b> National Committee and sub groups established and underway. Sub-group meetings scheduled for January 15.</p> <p><b>13.03.15</b> National Committee meeting held 26.1.15, attended by City of Edinburgh Council representative; subgroup meetings held throughout February 2015.</p> <p>City of Edinburgh Council response to draft Burial and Cremations Bill tabled for information and comment.</p> <p><b>15.05.15 CEC response to Burial and Cremations Bill approved by Policy and Strategy Committee 24.03.15.Submitted to Scottish Government 02.04.15.</b></p> <p><b>Elected Members are keen to ensure that Edinburgh residents are given an opportunity to comment on Burials and Lairs section on the consultation. City of Edinburgh Council will ensure that this is addressed, working with Scottish Government National Committee and sub groups through a robust communication plan. Consultation on Bill promoted through Community Councils and local neighbourhood networks.</b></p> <p><b>Further National Committee sub group meetings scheduled for May and June 2015.</b></p>	
			<p><b>05.06.2014</b> To encourage regular cross team discussions through team meetings and a Quality and Action Group (QAG)</p>		<p><b>03.09.2014</b> Regular team discussions and engagement taking place in tandem with identified action plans around service quality and customer focus. External scrutiny report actions agreed with managers and staff.</p> <p><b>7.10.14</b> Comprehensive update on actions presented to Chief Executive Working Group reported through draft Corporate Policy and Strategy Committee Report.</p> <p><b>14.11.14</b> Staff away day held 12.11.14 including cremation technicians and office based staff; ongoing work with Learning and Development to enhance team input into wider service standard discussions. Cross Service away day also planned for early 2015.</p> <p><b>16.01.15</b> Initial meeting with Crematorium Team and Business Improvement Team around support needed to ensure CSE</p>	<p>Open</p> <p></p> <p></p>

						<p>compliance by November 2015, with plan to carry out internal self-assessment Summer 2015. Crematorium Team Leader identified to attend city-wide Quality Action Group to learn from good practice and support implementation of approach at Mortonhall which is in line with citywide standard...</p> <p>Further discussions around implementing version of Libraries Gold Standard Model in early 2015.</p> <p><b>13.3.15</b> Bereavement Services Team Leader progressing CSE workstream with Business Improvement, with aim of being CSE compliant standard by November 2015. Internal Best practice visits underway.</p>	
				<b>05.06.2014</b> To encourage staff to visit and establish networks at other premises.		<p><b>03.09.2014</b></p> <ul style="list-style-type: none"> <li>• See above</li> </ul> <p><b>7.10.14</b> Comprehensive update on actions presented to Chief Executive Working Group reported through draft Corporate Policy and Strategy Committee Report.</p> <p><b>14.11.14</b> See above</p>	Open 
2	<b>The Council should put in place systems of audit and inspection to ensure safe working practices that provide high quality services to next of kin</b>	The City of Edinburgh Council to make representations to the Scottish Government that 'There should also be robust systems of audit and inspection to ensure safe working practices that achieve best practice in providing quality of service to next of kin. Such audits should be part of a system for ensuring greater accountability and transparency in determining whether the Crematorium is fulfilling its statutory obligations.'	<ul style="list-style-type: none"> <li>• City of Edinburgh Council</li> <li>• Scottish Government</li> </ul>	<p><b>05.06.2014</b> The focus of the ongoing review of audit and inspection practises to include.</p> <ul style="list-style-type: none"> <li>• Business Continuity Plans.</li> <li>• Current Safe Working Practises (SWP).</li> <li>• Risk Assessment process (RAs).</li> <li>• Health and Safety inspections</li> <li>• Management of actions.</li> </ul> <p>Actions associated with Recommendation 1 will also be considered against Recommendation 2</p>	<p><b>11.06.2014</b> Officers to update SEPA on the work and resulting actions of the Multi-Agency Working Group.</p>	<p><b>03.09.2014</b></p> <ul style="list-style-type: none"> <li>• Bereavement Services Contingency Plan and Risk Register revised and to be approved by SFC SMT - piloting a new model of management response across an integrated range of services.</li> <li>• Targeted Staff workshops planned on Risk Assessments and current safe working practices in October 14.</li> <li>• Community Safety Divisional Health and Safety Improvement Plan being actively managed and up to date.</li> <li>• A BSI auditor meeting was held on 1st September to discuss future review and audit, with a review scheduled for 12th September.</li> </ul> <p><b>7.10.14</b> Comprehensive update on actions presented to Chief Executive Working Group reported through draft Corporate Policy and Strategy Committee Report.</p> <p><b>14.11.14</b> Positive BSI Assessment carried out September 2014 with no new non-conformities identified.</p> <p>Model to develop lay advisor input into service delivery currently being scoped with plan to deliver pilot in summer 2015.</p>	Open  


					<p><b>16.01.15</b> BSI Assessment follow-up visit due Jan 15</p> <p>Policy on Ashes agreed by Corporate Policy and Strategy Committee 4 Nov 14</p> <p><b>13.3.15</b> Policy Statement agreed by Council 5<sup>th</sup> February 2015.</p> <p>Letter drafted to industry and healthcare professionals for sharing with affected parents and to provide reassurance that services are compliant, and put focus on needs of the bereaved throughout.</p> <p>Scottish Government in process of recruiting Inspector of Crematoria</p> <p>In response to recommendations from both the Dame Elish and the onsite FBCA report, a clearly defined process map for handling of all remains has been developed with the active involvement of the Mortonhall team. This will be incorporated in records required for the ongoing BSI assessment, and will ensure clarity and consistency of processes for local staff around this sensitive work. This will also enable the cremation service to provide clear information to partners, such as Funeral Directors and NHS Lothian, on the sensitive handling of remains which can in turn be communicated to the bereaved.</p> <p>A meeting has been held with the Council Information Governance Team, to discuss appropriate storage, archiving and retention policy of crematorium records and an improvement programme is underway.</p> <p>It is intended that these improvements will make it easier for relatives to find out about the last resting place of their loved ones, while ensuring compliance with all appropriate legislation and Council document retention policies. Recommended retention times can also be adapted in future to allow the adoption of nationally agreed legislative changes arising from the work of the National Committee.</p> <p><b>15.05.15 Letter from Chief Executive sent to partners including the new Cremation Policy Statement to support wider understanding of improved practices at Mortonhall, which can then be communicated to the bereaved in summer 2015.</b></p> <p><b>Inspector Of Crematoria Robert Swanson appointed 24.03.15, attending the Chief Executive Working Group Meeting on 15</b></p>	  
--	--	--	--	--	---	---






						May 2015.	
3	<b>The Council should lead and support a change of culture and attitude at the Crematorium towards providing services to next of kin.</b>	<p>City of Edinburgh Council Officers to identify action and delivery timescales re a change of working culture within crematorium. Action to include:</p> <ul style="list-style-type: none"> <li>Revision to the system, structure, training and governance arrangements.</li> <li>Staff to be better supported.</li> <li>Staff to be made aware of means of raising concerns regarding working practises, e.g. Whistleblowing Policy, Pride in Our People</li> <li>Staff to be encouraged to have regular meetings.</li> </ul>	<p>City of Edinburgh Council - Natalie McKail</p>	<p><b>05.06.2014</b> Actions associated with Recommendation 1 will also be considered against Recommendation 3</p>		<p><b>03.09.2014</b></p> <p>This workstream will include an audit and review of current information provided to parents at Mortonhall and within the Bereavement Services team, in addition to targeted work with the Mortonhall team on Customer Care quality standards.</p> <p>A mapping exercise is currently underway by the Mortonhall Action Team and will involve input from the communications team to improve resources. This culture change will also be embedded through the service review process.</p> <p>A policy refresh is underway, all staff have read relevant CEC policies and procedures and are aware of the whistleblowing policy.</p> <p><b>7.10.14</b> Comprehensive update on actions presented to Chief Executive Working Group reported through draft Corporate Policy and Strategy Committee Report.</p> <p><b>14.11.14</b> as above</p> <p><b>16.01.15</b> Policy Statement drafted with active team input; including ERIA</p> <p>Specific Location of ashes once interred to be recorded from Jan 15 on BACAS</p> <p>Form A redrafted in line with legislative and industry guidance</p> <p><b>15.5.15 Regular input from the team for service improvement programme and staff review process, strong engagement evidenced by onsite team throughout the recent major incident to resolve actions and to return service offering.</b></p>	<p>Open</p> <p></p> <p></p> <p></p>




							
4	<b>The Scottish Government should commission research to ascertain the most effective, practical and safe practices for the future to provide reassurance to next of kin that their ashes of their child will be recovered.</b>	The City of Edinburgh Council to ask the Scottish Government to instruct comprehensive national research to ascertain the most effective, practical and safest practises for the future that will provide greater assurance to next of kin that the ashes of their child will be recovered.	City of Edinburgh Council - Sue Bruce	<b>03.06.2014</b> Letter of representation sent to the Scottish Government. <b>05.06.2014</b> Scottish Government response received and is under consideration.		<p><b>7.10.14</b> Comprehensive update on actions presented to Chief Executive Working Group reported through draft Corporate Policy and Strategy Committee Report.</p> <p><b>14.11.14</b> Baby trays have been used as standard practice from Dec 2012, this has been formally described to SEPA May 14 and will sit as part of National Committee to ensure take account of best practice elsewhere</p> <p><b>16.01.15</b> Policy Document makes clear and unambiguous statement to this effect, to be shared with partners and professionals to support their dialogue with affected parents, and included in any information and communications provided</p> <p>Clear process map in progress with team input outlining journey of ashes to ensure consistency of practice and clear recording mechanisms to enable relatives to be confident of the location and treatment of their loved ones</p> <p>Specific Location of ashes to be recorded on BACAS from Jan 15 if buried in Garden of Remembrance</p> <p>Response supplied as requested to Scottish Government confirming that City of Edinburgh Council is maximising likelihood of recovery of ashes by:</p> <ul style="list-style-type: none"> <li>• Clear definition of ashes in place</li> <li>• use of baby trays</li> <li>• Expectation that ashes will be recovered from infant cremations in majority of cases</li> </ul>	Closed          



5	<b>The cremation of non viable fetuses (pre 24 week gestation period) should be regulated by legislation</b>	The cremation of non-viable fetuses to be regulated by legislation and any new financial obligations of crematoria recognised in the financial memorandum to the legislation.	City of Edinburgh Council - Sue Bruce	<b>03.06.2014</b> Letter of representation sent to the Scottish Government. <b>05.06.2014</b> Scottish Government response received and is under consideration.		<b>7.10.14</b> Comprehensive update on actions presented to Chief Executive Working Group reported through draft Corporate Policy and Strategy Committee Report. <b>14.11.14</b> To be progressed by National Committee	Closed 
6	<b>The Council should amend the Application for Cremation form (Form A)</b>	City of Edinburgh Council to make representations to the Scottish Government highlighting the statutory element to the recommendation 'that the City of Edinburgh Council take urgent steps to revise the Application form for cremation to make it absolutely clear to all what the consequences of an application by another for their baby's cremation may imply'	<ul style="list-style-type: none"> <li>• Scottish Government</li> <li>• City of Edinburgh Council</li> </ul>	<b>02.06.2014</b> The statutory part of Form A to be revised and implemented by 31 March 2015 (SG)		<p><b>03.09.2014</b></p> <ul style="list-style-type: none"> <li>• Updated version of Form A drafted incorporating recognition of customer journey, plain and sensitive language which clearly support parents understanding of permissions asked of them and actions which will be discharged by service providers on their behalf as a result of this permission.</li> <li>• Initial discussions held involving staff team input to encourage ownership.</li> <li>• Circulated at Chief Executive Working Group for feedback and comment before finalising.</li> </ul> <p><b>07.10.2014</b></p> <p>Revised Form A to be submitted to the next meeting of the Working Group (14 November 2014) for comment.</p> <p><b>7.10.14</b> Comprehensive update on actions presented to Chief Executive Working Group reported through draft Corporate Policy and Strategy Committee Report.</p> <p><b>14.11.14</b> Version 6c updated taking account of legal and industry input</p> <p><b>16.01.15</b> Currently Version 6D incorporating further legal input, FBCA and service managers feedback, for submission to Corporate Policy and Strategy Committee in February 2015</p> <p>To ensure alignment with Nationally agreed form once adopted</p> <p><b>13.3.15</b> The Chief Executive's Multi-Agency Working Group</p>	Open    




				<p><b>02.06.2014</b> To draft and implement a revised, non-statutory, Form A (CEC)</p>	<p><b>11.06.2014</b> Officers to explore possibility of establishing a service whereby bereaved parents are asked to confirm, with the support of a specialist, the arrangements for the cremation of their infant.</p>	<p>considered the latest draft on 16 January 2015, and considered that, as positive progress in this area was clearly being made by the National Committee subgroups, it would be advisable to await the outcome of any statutory processes. The Working Group acknowledged the need to improve clarity and support for those completing this form, and therefore has requested that the existing statutory form be supplemented with refreshed explanatory guidance. This supplementary guidance was approved by City of Edinburgh Council on 5th February 2015. As work has been carried out in Edinburgh on the design and layout of Form A, the draft version has been shared with partners in Scottish Government National Committee Records and Forms Subgroup as a starting point in developing nationally adopted version of this form. A letter has been sent to NHS and Funeral Industry representatives with an updated Policy Statement and supplementary guidance appended.</p> <p><b>15.5.15 Revised City of Edinburgh Council and statutory documentation issued to funeral directors in relation to new Death Certification processes implemented on 13 May 2015.</b></p>	<p>Open</p> 
--	--	--	--	--	---	---	---



7	<p><b>All partners should develop training and guidance for those taking parents through the process of arranging their baby's funeral</b></p>	<p>Pre-service and refresher training to be rolled out to those taking parents through the process.</p>	<ul style="list-style-type: none"> <li>• City of Edinburgh Council</li> <li>• NHS</li> <li>• Funeral Directors</li> </ul>	<p><b>05.06.2014</b> Multi-agency working group, including parents and the private sector, to be established to initiate the revision of training and guidance material for those taking parents through the process.</p>	<p><b>11.06.2014</b> To ensure that refresher training is available for those taking parents through the process.</p>	<p><b>03.09.2014</b></p> <ul style="list-style-type: none"> <li>• CEC have initiated internal training needs analysis, a draft of which has been provided to the Chief Executive's Working Group.</li> <li>• Discussion held with NHS Lothian to discuss multi partner approach with a view to establishing forum in September/October 2014.</li> <li>• The Institute of Cemetery and Crematorium Management have recently drafted an initial guidance note in an attempt to bring some consistency to the cremation technique, and to enable informed and reliable guidance to be offered to parents.</li> <li>• CEC are aware that FBCA are revising training materials and this will be taken into account in the development programme for CEC staff.</li> <li>• It is anticipated that further guidance will be prepared and distributed from the Scottish Government working group in the near future. These guidelines will inform internal CEC training programme.</li> </ul> <p><b>7.10.14</b> Comprehensive update on actions presented to Chief Executive Working Group reported through draft Corporate Policy and Strategy Committee Report.</p> <p><b>14.11.14</b> Ongoing dialogue with NHS Lothian in relation to developing this programme.</p> <p><b>16.01.15</b> Policy Document makes clear and unambiguous statement to this effect, to be shared with partners and professionals to support their dialogue with affected parents, and included in any information and communications provided</p> <p>Policy Statement distributed to key partners 9<sup>th</sup> March 2015.</p> <p><b>15.5.15 Initial meeting held with NHS Lothian 24 March 15 around ways to ensure that suite of information supplied to parents is clear and accurate and takes into account the end to end process. Further meetings planned in summer 2015 to develop a workshop session in late autumn 2015.</b></p>	<p>Open</p> <p></p> <p></p> <p></p> <p></p> <p></p>
---	--	---	---	---	---	--	--



8	<b>The Scottish Government should review Cremation Regulations including clarifying the legislative position of stillborn babies within the Regulations.</b>	The City of Edinburgh Council to make representations to the Scottish Government to review and clarify the Regulations to ensure that parents cannot be deprived of their legal rights through the obscurity of the drafting of the Regulations and/or a lack of understanding by the professionals.	City of Edinburgh Council - Sue Bruce	<b>03.06.2014</b> Letter of representation sent to the Scottish Government. <b>05.06.2014</b> Scottish Government response received and is under consideration.		<b>7.10.14</b> Comprehensive update on actions presented to Chief Executive Working Group reported through draft Corporate Policy and Strategy Committee Report. <b>14.11.14</b> To be progressed by National Committee <b>13.3.15</b> Currently undergoing consultation as part of Proposed Burial and Cremations Bill – City of Edinburgh Council draft response supplied <b>15.05.15 Formal City of Edinburgh Council response to Burial and Cremation Bill submitted 02.04.15</b> <b>Consultation responses now under analysis by Scottish Government.</b>	Open 
9	<b>The Scottish Government should make statutory the section of the Form A dealing with instructions for disposal of any ashes.</b>	The City of Edinburgh Council to make representations to the Scottish Government to consider making the section of the Form A which relates to the instructions for the disposal of ashes a statutory part of the Form.	City of Edinburgh Council - Sue Bruce	<b>03.06.2014</b> Letter of representation sent to the Scottish Government. <b>05.06.2014</b> Scottish Government response received and is under consideration.		<b>7.10.14</b> Comprehensive update on actions presented to Chief Executive Working Group reported through draft Corporate Policy and Strategy Committee Report. <b>14.11.14</b> To be progressed by National Committee. This element has been incorporated in redrafted Edinburgh version of Form A. <b>13.3.15</b> Currently undergoing consultation as part of Proposed Burial and Cremations Bill – City of Edinburgh Council draft response supplied <b>15.05.15 as above.</b>	Open 
10	<b>The Council should address the condition of land adjacent to the Garden of Rest at Mortonhall.</b>	Map of Mortonhall to be circulated in advance of the next meeting.  Other parties to be involved in the preparation of proposals for the redevelopment of the land adjacent to the garden of rest.	City of Edinburgh Council - Natalie McKail	<b>05.06.2014</b> Consideration to be given to the location of the compound yard.  Actions associated with Recommendation 10 will also be considered against Recommendation 22.		<b>7.10.14</b> Comprehensive update on actions presented to Chief Executive Working Group reported through draft Corporate Policy and Strategy Committee Report. <b>14.11.14</b> Phase 1 of works completed. On-site meeting and follow up letter to local residents to inform completion of Phase 2 of works early 2015, to include erection of new fencing around compound yard. <b>16.01.15</b> Erection of fencing commenced December 2014 <b>13.3.15</b> Follow-on meeting with local residents scheduled for Spring 2015	Open 

						<p><b>15.05.15 Further meeting with local residents held March 2015 and outline approach to future management of this area drafted and shared.</b></p> <p><b>Following concerns raised by bereaved parents on condition of Rose Garden an initial outline proposal has been developed. This is to be included in the programme of actions to include cordon zone and rose garden.</b></p>	
11	<p><b>The Scottish Government should provide a legal definition of ashes</b></p>	<p>The Chief Executive to make representations to the Scottish Government with regards to the definition of ashes.</p>	<p>City of Edinburgh Council - Sue Bruce</p>	<p><b>03.06.2014</b> Letter of representation sent to the Scottish Government.  <b>05.06.2014</b> Scottish Government response received and is under consideration.</p>		<p><b>03.09.2014</b></p> <ul style="list-style-type: none"> <li>• CEC has accepted and adopted recommendations from Lord Bonomy's report on the definition of ashes, and this will be presented for formal approval by Committee in November, and included as part of a policy statement developed in September/October.</li> </ul> <p><b>7.10.14</b> Comprehensive update on actions presented to Chief Executive Working Group reported through draft Corporate Policy and Strategy Committee Report.</p> <p><b>14.11.14</b> To be progressed by National Committee</p> <p><b>13.3.15</b> Currently undergoing consultation as part of Proposed Burial and Cremations Bill – City of Edinburgh Council draft response supplied</p> <p><b>15.05.15 Formal City of Edinburgh Council response to Burial and Cremation Bill submitted 02.04.15. Staff engagement workshops held to agree process for journey of ashes, presented to CEWG on 15 May 2015.</b></p>	<p>Open</p> <p></p>
12	<p><b>The Scottish Government should ensure proper, accountable and transparent regulation of the cremation of pre 24 week fetuses</b></p>	<p>The Chief Executive to make representations to the Scottish Government re position of pre 24 week fetuses. The City of Edinburgh Council to then ensure that working practises reflect Scottish Government Regulation.</p>	<p>City of Edinburgh Council - Sue Bruce</p>	<p><b>03.06.2014</b> Letter of representation sent to the Scottish Government.  <b>05.06.2014</b> Scottish Government response received and is under consideration.</p>		<p><b>7.10.14</b> Comprehensive update on actions presented to Chief Executive Working Group reported through draft Corporate Policy and Strategy Committee Report.</p> <p><b>14.11.14</b> To be progressed by National Committee</p> <p><b>13.3.15</b> Currently undergoing consultation as part of Proposed Burial and Cremations Bill – City of Edinburgh Council draft response supplied</p> <p><b>15.05.15 Formal City of Edinburgh Council response to Burial</b></p>	<p></p>




						<b>and Cremation Bill submitted 02.04.15</b>	
						<b>Revised guidance on the disposal of pregnancy losses up to and including 23 weeks 6 days gestation issued to all relevant stakeholders in March 2015 by Directorate of the Chief Medical Officer in Scotland.</b>	
13	<b>The Council should discuss overnight cremation with the Scottish Environmental Protection Agency (SEPA) to ensure compliance with the permit</b>	Record of ongoing engagement with SEPA to be included in the Matrix.	City of Edinburgh Council - Natalie McKail	<p><b>05.06.2014</b> To continue dialogue with SEPA regarding existing permit, current and developing working practises and the introduction of an infant cremator.</p> <p>To request SEPA offer further detailed information on the capacity and functionality of the infant cremator.</p> <p>To await potential instruction on the use and practicalities of using the infant cremator from Lord Bonomy.</p>		<p><b>03.09.2014</b></p> <ul style="list-style-type: none"> <li>The practice of overnight cremation of infants at Mortonhall formally ceased by CEC in May 2014. Notification of this change was formally provided as requested to SEPA in May 2014. This change of working practice is articulated through a submission to SEPA, revised Safe Working Practices and Risk Assessment, and a staff workshop has been held to ensure full understanding of the process and implications.</li> <li>A clear description of current practice, to be provided to Funeral Directors and NHS Lothian, is currently being drafted, to be available in September/October 2014. This can also be made available to bereaved families if requested.</li> <li>A formal approach was made to SEPA on 20 August requesting an update on the draft application for Variation of Permit in relation to the Small Scale Cremator. They have stated that this process involves a period of around 3-4 months consideration, after which a statement will be made to City of Edinburgh Council. We are awaiting an update from SEPA in this regard.</li> </ul> <p><b>7.10.14</b> Comprehensive update on actions presented to Chief Executive Working Group reported through draft Corporate Policy and Strategy Committee Report.</p> <p><b>16.01.15</b> The Policy Document will be made available to members of the public, together with a summary statement to be drafted including plain and sensitive language.</p> <p><b>15.5.15 SEPA CAS report inspection with SEPA inspector held 19 March 2015. SEPA review of environmental emission templates underway.</b></p>	Open
						<ul style="list-style-type: none"> <li>Appropriate training and safe working practices and Risk Assessments will be in place prior to commissioning of Small Scale</li> </ul>	



					<p>Cremator. On site visits from Asset Management, Building Standards and Fire Service to agree joint specification for required works to enable commissioning of Small Scale Cremator.</p> <ul style="list-style-type: none"> <li>• Further building work will be required to ensure a high quality and sensitive level of service for this new process.</li> </ul> <p><b>07.10.2014</b></p> <ul style="list-style-type: none"> <li>• Officers are continuing to work with SEPA in regards to the variation of the cremation permit to allow the use of the small scale cremator at Mortonhall. We are awaiting an update from SEPA in this regard.</li> </ul> <p>Comprehensive update on actions presented to Chief Executive Working Group reported through draft Corporate Policy and Strategy Committee Report.</p> <p><b>14.11.14</b> Bereavement Services Manager and Environmental Health/Scientific Services and Local Community Planning Manager developing commissioning plan in dialogue with key partners including SEPA</p> <p><b>11.12.14</b> Response provided to National Committee on above practices</p> <p><b>15.05.15</b> Discussions are underway with SEPA to determine the timescales for permissions to allow the use of the small-scale cremator. The City of Edinburgh Council continues to work closely with SEPA to ensure that on-site emissions are in line with prescribed levels, and has provided on-site support following the recent fire.</p>	
--	--	--	--	--	--	---






14	<b>The Council should urge the Federation of Burial and Cremation Authorities (FBCA) and the Institute of Cemetery and Crematorium Management (ICCM) to review their policy and guidance documents</b>	The Chief Executive to make representations to FBCA and ICCM seeking assurances that policy and guidance flowing from Lord Bonomy's Commission will be implemented.	City of Edinburgh Council - Sue Bruce	<p><b>05.06.2014</b> Representations to FBCA and ICCM seeking assurances that policy and guidance flowing from Lord Bonomy's Commission will be implemented to be made 06.06.2014</p> <p><b>09.06.2014</b> ICCM response received and is under consideration.</p> <p><b>09.06.2014</b> FBCA response received and is under consideration.</p>		<p><b>03.09.2014</b></p> <ul style="list-style-type: none"> <li>• See Recommendation 7.</li> <li>• Communications ongoing with ICCM w/c 18th August and meeting with FBCA scheduled for 2nd September.</li> <li>• Meeting with representatives of the Institute to be set up in October 14. CEC response to Scottish Government regarding representation on National Committee on Infant Cremation being sent to confirm participation.</li> </ul> <p><b>7.10.14</b> Comprehensive update on actions presented to Chief Executive Working Group reported through draft Corporate Policy and Strategy Committee Report.</p> <p><b>14.11.14</b> Updated guidance documents now available on respective websites to be shared with staff teams. To be further progressed by National Committee.</p>	Closed 
15	<b>The Council should ensure adequate training for its staff</b>	<p>To continue the review of work practise, process and training.</p> <p>Importance of multi agency training within the local area to be highlighted and promoted.</p> <p>The use of DVDs as a training tools to be further investigated.</p>	City of Edinburgh Council - Natalie McKail	<p><b>05.06.2014</b> In conjunction with multi agency partners, including The NHS and Private Sector, the Council is to ensure adequate training for staff.</p> <p>Actions associated with Recommendation 1 will also be considered against Recommendation 15</p>	<p><b>11.06.2014</b></p> <p>City of Edinburgh Council Officers and NHS Lothian Officers to meet in July to discuss synergies in regards to work practises, processes and training.</p>	<p><b>03.09.2014</b></p> <ul style="list-style-type: none"> <li>• See Recommendation 7.</li> <li>• Conference call held with NHS Lothian on 1st July 2014 (Fiona Mitchell)</li> </ul> <p><b>7.10.14</b> Comprehensive update on actions presented to Chief Executive Working Group reported through draft Corporate Policy and Strategy Committee Report.</p> <p><b>14.11.14</b> See above</p> <p><b>13.3.15</b> In line with Lord Bonomy's recommendations, that Crematorium managers and staff are supported to undertake relevant industry qualifications, the Bereavement Services Manager will be supported to obtain the Diploma in Cemetery &amp; Crematorium Management. This is the only specialised qualification currently available to those employed within the Burial and Cremation Service in the UK and recognises an individual's character and commitment to developing his or her own management competencies in what is a very specialised and sensitive field of work.</p> <p>To support the Bereavement Services Manager to undertake this qualification while continuing to manage and deliver an operationally complex range of services, it is intended to recruit an additional experienced and qualified crematorium manager for a fixed term period, in an advisory and developmental capacity. The new post</p>	Open 





					holder will work alongside the existing Bereavement Services Manager and in tandem with the Mortonhall Action Team, reporting to the existing Senior Manager in progressing service change, while ensuring that day-to-day operations continue to be effectively delivered. Recruitment is scheduled to commence in Spring 2015.  <b>15.05.15 Bereavement Services Change Manager post advertised on my job Scotland and FBCA careers portal 24.03.15-14.04.15 Interviews scheduled for 28 May 2015.</b>  <b>2 staff have completed revised module for baby and infant cremations, with one further member of staff undertaking this module as part of overall induction training.</b>	
16	<b>The Scottish Government should make changes to its guidance on the subject of ashes informed by scientific or medical evidence and research.</b>	The City of Edinburgh Council to make strong representations to the Scottish Government to have the term "ashes" defined in legislation to remove any continuing confusion and that the broader interpretation should be preferred in the meantime.	City of Edinburgh Council - Sue Bruce	<b>03.06.2014</b> Letter of representation sent to the Scottish Government. <b>05.06.2014</b> Scottish Government response received and is under consideration.	<b>7.10.14</b> Comprehensive update on actions presented to Chief Executive Working Group reported through draft Corporate Policy and Strategy Committee Report.  <b>14.11.14</b> To be progressed by National Committee  <b>13.3.15</b> Definition of ashes agreed by National Committee on Infant Cremation and adopted by City of Edinburgh Council in Policy Statement.	Closed 
17	<b>NHS Lothian should further train its staff in working with bereaved families and develop clear and simplified policy and guidance</b>	User friendly Policy and Guidance that can be delivered in various formats to be developed.	NHS	<b>05.06.2014</b> NHS Lothian has established a Working Group. This Working Group will report through the NHS Board to the Multi-Agency Working Group.	<b>03.09.2014</b> • CEC Policy statement developed in September/October, plus all revised information letters, leaflets and resources for the bereaved to be shared with NHS Lothian to inform support they provide to bereaved families. • Further, this information will be shared with all key stakeholders such as SANDS Lothian, SiMBA and Funeral Directors. <b>7.10.14</b> Comprehensive update on actions presented to Chief Executive Working Group reported through draft Corporate Policy and Strategy Committee Report.  <b>14.11.14</b> To be progressed by NHS Working Group and National Committee. CEC Policy Statement to be provided to NHS in November 2014.  <b>11.12.14</b> Draft policy documents and form A shared with NHS to inform team discussions around progressing agreed approach to	Open 







					supporting bereaved parents  <b>13.3.15</b> Dialogue underway to set up multi-agency training and development workshop for Spring 2015.  <b>15.05.15 Initial meeting 24.03.15 with NHS Lothian to discuss methods of ensuring that the suite of information that is provided to parents is up to date, accurate and clear and it takes into account the end to end process. Further meetings planned between Summer and Autumn 2015.</b>	
18	<b>The FBCA and the ICCM should develop training specifically for the cremation of fetuses and young children</b>	The Chief Executive to make representation to FBCA and ICCM encouraging participation in the review process. The letter of representation to be forwarded to responsible Officer (Gareth Brown) within the Scottish Government – for information.	City of Edinburgh Council - Sue Bruce	<b>05.06.2014</b> Representations to FBCA and ICCM encouraging participation in the review process made on 06.06.2014	<b>03.09.2014</b> • See Recommendation 7. • A Formal letter has been sent to FBCA requesting an update. <b>7.10.14</b> Comprehensive update on actions presented to Chief Executive Working Group reported through draft Corporate Policy and Strategy Committee Report.  <b>14.11.14</b> See above.	Closed  
19	<b>Communication between all agencies should be carried out on a more formal basis.</b>	To be reviewed as part of training/comms actions.  Language and terminology to be used that can be commonly understood.	• City of Edinburgh Council • Funeral Directors • NHS	<b>05.06.2014</b> To improve upon existing partnerships, forum etc to establish formal communication networks. Also, to refer to child protection protocol regarding the sharing information.	<b>03.09.2014</b> Informal internal dialogue has taken place with colleagues from Health & Social Care and Children & Families. Awaiting the establishment of the National Committee followed by developed understanding of the landscape and assess what additional aspects might be needed. <b>7.10.14</b> Comprehensive update on actions presented to Chief Executive Working Group reported through draft Corporate Policy and Strategy Committee Report.  <b>14.11.14</b> To be progressed by National Committee.  <b>11.12.14</b> See Comms Plan  <b>13.3.15</b> Currently ongoing in context of National Committee and its	Open  

						various subgroups.	
20	<b>The Council should ensure that parents understand the importance of Form A and see and sign it in all cases</b>	To be reviewed as part of training/comms actions.	<ul style="list-style-type: none"> <li>• City of Edinburgh Council</li> <li>• Scottish Government</li> <li>• NHS</li> </ul>	<p><b>05.06.2014</b> All staff to be trained to stress the importance of Form A.</p> <p>Actions associated with Recommendation 1, particularly those referring to training, will also be considered against Recommendation 20.</p>		<p><b>03.09.2014</b></p> <ul style="list-style-type: none"> <li>• Engagement session held with key staff around current and revised Form A, including active team input into redesign of Form.</li> <li>• Further engagement/training to ensure staff understanding of policy statement and guidelines.</li> <li>• Need formal communications with NHS and Funeral Directors once agreed, plus agreed approach to training on use.</li> </ul> <p><b>07.10.2014</b></p> <p>Work is continuing to revise Form A. A finalised Form A will be submitted to the next meeting of the Working Group (14 November 2014) for sign off.</p> <p>Comprehensive update on actions presented to Chief Executive Working Group reported through draft Corporate Policy and Strategy Committee Report.</p> <p><b>14.11.14</b> See above.</p> <p><b>16.01.15</b> Ensure partner training and familiarisation with new form including key messages to share with the bereaved</p> <p><b>13.03.15</b> See above; also awaiting outcome of national subgroup work on this work stream</p> <p><b>15.05.15 Revised policy statement, Scottish Government statutory Form A, supplementary City of Edinburgh Council application form and guidance all issued to Funeral Directors to ensure appropriate consent in place prior to cremation.</b></p>	Open  

21	<b>The Council should ensure that the location of interment of remains is recorded in future</b>	Record management system to be reviewed and improved.	<ul style="list-style-type: none"> <li>• City of Edinburgh Council</li> <li>• Scottish Government</li> </ul>	<b>02.06.2014</b> Lord Bonomy's Commission will likely address this aspect	<b>11.06.2014</b> Officers to clarify what the local/national record retention policy is and how these records are stored. Furthermore, Officers to investigate possibility of digitising all records.	<p><b>03.09.2014</b></p> <ul style="list-style-type: none"> <li>• Audit trail for handling of remains being developed, including follow through of recommendations from Rick Powell's report.</li> <li>• Meeting held with Kevin Wilbraham, CEC Information Governance Manager, to discuss appropriate storage, archiving and retention policy of crematorium records. A feasibility exercise will be carried out commencing in October to provide recommendations to the service team in relation to all appropriate legislation and CEC policies. This will take account of the recommendations from the Lord Bonomy report and will incorporate the feasibility of retrospective and ongoing digestion of records.</li> <li>• Initial improvements introduced on the recording procedure at Mortonhall.</li> </ul> <p><b>07.10.2014</b></p> <ul style="list-style-type: none"> <li>•The BaCAs system is currently undergoing further refinement Comprehensive update on actions presented to Chief Executive Working Group reported through draft Corporate Policy and Strategy Committee Report.</li> </ul> <p><b>14.11.14</b> key workshop action at Team Away Day on 12.11.14 will be to develop and establish agreed process to record journey of ashes. Further information audit carried out by Information Governance Team in October 2014 with set of recommended actions outlined in line with legislative and operational good practice. Team progressing initial packaging and storage of records.</p> <p><b>16.01.15</b> Agreed new process for specifically recording location of interred ashes started in Jan 15 will be linked to recording on BACAS</p> <p><b>13.3.15</b> Process maps in progress following team meetings in November and February 2015. It is intended that this will be formally reported through the Chief Executive's Multi-Agency Working Group and Committee thereafter.</p> <p><b>15.05.15</b> End to end journey of cremated remains process map attached, with input from staff team.</p>	<p>Open</p>     
----	--	---	--	--	--	---	--

22	<p><b>The Council should discuss options for memorials with parents taking into account the range of views expressed in particular about its location.</b></p>	<p>Going forward City of Edinburgh Council Officers to explore and observe best practise at Seafield and Warriston in regards to how ashes and mementos are presented to parents.</p> <p>City of Edinburgh Council Officers to engage with parents as to what they would like to see as a fitting memorial to their children.</p>	<p>City of Edinburgh Council - Natalie McKail</p>	<p><b>05.06.2014</b> To discuss with SANDS &amp; SIMBA as to when the time is right to open discussions with parents in regards to improving the landscaping and the design of a fitting memorial to their child.</p> <p>Actions associated with Recommendation 22 will also be considered against Recommendation 10.</p>	<p><b>06.06.2014</b></p> <ul style="list-style-type: none"> <li>To identify a date in August 2014 to open discussions in regards to a proposed memorial with SIMBA &amp; SANDs. (NMc)</li> <li>SIMBA &amp; SANDs to be intimately involved in the location and design of any memorial. (NMc)</li> <li>Suggestions for the design and location of the memorial to developed in advance of discussions with SIMBA &amp; SANDs. (NMc)</li> <li>Consideration to be given to The Meadows as a location for the memorial. (NMc)</li> <li>To work with Planning Officers to introduce</li> </ul>	<p><b>03.09.2014</b></p> <ul style="list-style-type: none"> <li>City of Edinburgh Council have supported SANDS Lothian and SiMBA to host a meeting with parent representatives and affected parents on 14 August 2014. The invite letter for this meeting noted that written representations could be made and these would be read out in full at the meeting. It was noted by the chair at the start of the meeting that a verbatim minute would not be taken, however informal notes would be scribed which could be made available to those who were unavailable to participate. Notes of this meeting are appended.</li> <li>A number of key actions were agreed including the development of a questionnaire to be sent to all parents within 2-3 weeks in consultation with SANDS/SiMBA. A draft version of this questionnaire was sent to SANDS/SiMBA in w/c 25th August. Feedback has been received for this and it is intended this will be circulated to affected parents w/c 8th September. An Survey Monkey version is available for those who wish to complete online.</li> <li>Notes of the meeting show that two favoured options were identified by parents in attendance, these being a memorial at Mortonhall and a memorial to be placed within the Royal Botanic Garden Edinburgh. An initial approach was made to the Regis Keeper of the RBGE on 18th August 14.</li> <li>A meeting was held on 2nd September with residents who stay in properties at the boundary of the Mortonhall site overlooking "the land adjacent to the skips." to brief them on the views of affected parents, to hear their views, and to agree the scope of landscaping improvements.</li> </ul> <p><b>07.10.2014</b></p> <ul style="list-style-type: none"> <li>An engagement exercise in partnership with SiMBA and SANDs Lothian to canvass views on the shape and location of a memorial was completed on 13 October. The responses received are under consideration.</li> <li>City of Edinburgh Officers to meet with bereaved parents in mid November to discuss the proposed design of the memorial</li> </ul> <p><b>7.10.14</b> Comprehensive update on actions presented to Chief Executive Working Group reported through draft Corporate Policy and Strategy Committee Report.</p> <p><b>14.11.14</b> Survey now completed and key responses analysed. Further meeting to be held with parents 26 November 2014 at</p>	<p>Open</p> <p></p> <p></p> <p></p> <p></p>
----	--	---	---	---	--	---	--

					<p>Private Bill to allow for a permanent memorial in the Meadows, Bruntsfield Links and/or Princes Street Gardens. (AMc) • Forget Me Not contact details to be forwarded to SIMBA &amp; SANDS. (CS) • To include thanks to organisations in the report to the City of Edinburgh Council on 26 June 2014. (SB) <b>11.06.2014</b> • Any proposed memorial at Mortonhall to involve discussions with local residents. • Officers to establish a Focus Group to develop several preliminary</p>	<p>Murrayfield to discuss responses and agree options for moving forward. Invite letter and summary of responses sent to affected parents. Memorial bench to be installed in agreement with SANDS at SANDS offices in Craiglockhart with support from CEC in Dec 14. Initial discussions held with range of stakeholders around progressing potential design options</p> <p><b>16.01.15</b> Meeting with parents on 26 November agreed that 2 locations, including one at Mortonhall, should be progressed as potential for memorial; Parents to be provided with online access to images or first stage design options by 31 Jan 15;</p> <p>Initial discussions held with garden designers around best methodology for progressing designs and parent consultation</p> <p>Formal statement of meeting provided by City of Edinburgh Council to SANDS/SiMBA to share with parents</p> <p><b>13.3.15</b> Consultation on 4 possible Mortonhall garden options held online and at various agreed locations during February 2015</p> <p>A follow up meeting, hosted by SANDS Lothians, SiMBA and supported by the City of Edinburgh Council, was held at Murrayfield Stadium on Wednesday 11 February 2015 and the garden designs for Mortonhall were on display enabling parents to view these in more detail. Staff from SANDS Lothians, SiMBA and the City of Edinburgh Council were available to answer questions and to offer support. This enabled round table discussion between affected parents, and for more private discussion with support where desired.</p> <p>Parents also had the opportunity to view individual information packs containing images and the pros and cons lists for each of the proposed alternative locations, and to comment on these if wished. Parents also being asked to complete short survey which can be viewed between 2nd March and 31st March 2015, with information on locations, and suggested thoughts on each site</p> <p>Initial meeting with Procurement Team will support this process and ensure it is carried out within procurement framework, while recognising the need to make good progress.</p> <p><b>15.05.15 Alternate memorial consultation complete. Analysis</b></p>	               
--	--	--	--	--	---	--	--



Action Points						
CEC1	<b>06.06.2014 Scottish Government and City of Edinburgh Council (GB &amp; CS) to examine and map linkage(s) between actions being taken forward by the City of Edinburgh Council and the recommendations contained within Lord Bonomy's report.</b>	<ul style="list-style-type: none"> <li>• City of Edinburgh Council</li> <li>• Scottish Government</li> </ul>		Mapping exercise completed September 2014		
CEC2	<b>11.06.2014 Customer surveys to be carried out with bereaved families, funeral directors and NHS Lothian to assess the impact of the changes made to the services provided.</b>	<ul style="list-style-type: none"> <li>• City of Edinburgh Council</li> </ul>				
CEC3	<b>11.06.2014 Multi-Agency Working Group to continue to meet to ensure that the Action Plan is fully discharged and to review the success of the Action Plan in 12 months.</b>	<ul style="list-style-type: none"> <li>• City of Edinburgh Council</li> </ul>				
CEC4	<b>11.06.2014 To explore the cost of producing Mortonhall Investigation Report commissioned by the Chief Executive from Dame Elish Angiolini DBE QC.</b>	<ul style="list-style-type: none"> <li>• City of Edinburgh Council</li> </ul>				Closed

## **Appendix 2: Mortonhall Crematorium Customer Feedback Cards**

### **Analysis of Results**

#### Background

Customer feedback cards have been available in Chapel of Remembrance, Main Reception and Waiting Room areas at Mortonhall since June 2014, allowing for easier customer feedback and enabling staff and managers to analyse responses and take appropriate action where necessary.

Those completing are asked to record their reasons for visiting and information they would like shared with staff and management at Mortonhall.

As no space for filling in of name and address details had been provided, the majority of completed responses were anonymous.

#### Summary of responses

A total of 159 comments cards have been received in period June 2014-May 2015.

- 52% (83) of these were a compliment
- 20% (31) were a complaint or expression of unhappiness about the service
- 21% (34) were general, with no clear indication of satisfaction or dissatisfaction
- 7% (10) contained suggestions around ways the service could be improved

#### Compliments

Comments received generally reflect high levels of satisfaction with the location and upkeep of the Crematorium itself, and a number of individuals taking time to appreciate the service provided by staff.

Examples of individual comments include:

- Thank you for making the Chapel a lovely place to come and remember
- I think the whole area is wonderful and is looked after really well. Even the funerals are all run well. I would like to say Merry Christmas to you all.
- The care and sympathy we received at my Dad's funeral was the most heartfelt and staff were superb.
- I think the Xmas tree is a wonderful thing - thank you
- You all go beyond call of duty. Very peaceful and calm
- Think it is one of the loveliest resting places I have been to, well kept and maintained
- To all staff I meet I would like to thank everyone for always looking after me so well every time I come in because it means so much to me.



## Complaints

Complaints received tended to centre round specific concerns that had affected the individual's experience in visiting the Crematorium, for example around the availability of water to tend flowers in the Chapel of Remembrance, or a perception that the Chapel and/or memorial walkway were untidy and not well maintained.

- Chapel of Remembrance cluttered and untidy, dirty, too many floral displays, undignified
- No water in Chapel of Remembrance; table and vases filthy
- Walkway cluttered and poorly maintained
- Book of Remembrance open at wrong date

## Suggestions

Several respondents provided a number of suggestions around ways in which the customer journey could be improved.

These included

- Would like tea and coffee to be supplied
- Open chapel out with 9-5 to enable attendance for those working
- Electronic memorial book
- More disabled parking
- More vases needed

## **Appendix 3**

### **Mortonhall Crematorium – Cordoned Zone**

#### **Principles of future use**

A meeting was held on 31 March 2015 with residents whose properties overlook the cordoned zone area to the rear of the Crematorium.

It was agreed by those attending that the meeting was helpful to discuss matters of progress, outstanding actions and areas of concern.

It was agreed that some fundamental principles should be established for this area of land. These being:

- the land should not be used for memorialisation;
- the land should be well managed and maintained at all times;
- the land should be designated as a sensitive area, both in terms of the historical use and the proximity to local residents
- the land should not be used as a supply for turf;
- the Bereavement Service within the Council should work constructively and positively to address local residents concerns, and should take account of any potential impact on local residents before making decisions about the land; and
- open and transparent communications are a priority to build trust and confidence.

#### **Action**

Bereavement Service to take account of these principles in managing the service and this land moving forward



# Assessment Report.

## The City of Edinburgh Services for Communities

**Report Author** Chris Hargrove

Visit Start Date 15/01/2015

Page 1 of 10 ...making excellence a habit.™

## Introduction.

This report has been compiled by Chris Hargrove and relates to the assessment activity detailed below:

Visit ref/Type/Date/Duration	Certificate/Standard	Site address
8085440 Re-certification Audit (SR Opt 1) 15/01/2015 1 day(s) No. Employees: 55	FS 67790 ISO 9001:2008	The City of Edinburgh Services for Communities Bereavement and Pest Control Mortonhall Crematorium 30B Howden Hall Road Edinburgh EH16 6TX United Kingdom

The objective of the assessment was to ascertain the integrity of the organisation's management system over the current assessment cycle to enable re-certification and confirm the forward strategic assessment plan whilst identifying opportunities for improvement.

## Management Summary.

### Overall Conclusion

The objectives of this assessment have been achieved therefore it is with pleasure to recommend the continuation of your certification. The scope of registration has changed with Pest Control and Dog Warden services having their own registration and will have their own certification and assessment plan.

The new scope of registration reads:- The provision of the facilities for mortuary, cremation and burial services.

Based on the objective evidence detailed within this report, the areas assessed during the course of the visit were found to be effective with many identified areas and opportunities for further improvement, well done.

I would like to thank all the audit participants for their assistance and co-operation which enabled the audit to run smoothly and to schedule.

### To Compliance & Risk - Customer Planning:-

**As stated in the report the organisation have requested Pest Control and Dog Warden services to be registered separately. The client has signed relevant bsi documentation and have a certificate set up 621323 SMO 200621323 number of employees 14.**

**Scope of registration will be: The provision of a pest control service and dog warden service.**

**Can you please commence registration ASAP i.e. today date or from the expiry of the current certificate 67790 with the first CAV set for Dec 2015 and put into my diary for Wed 2nd Dec I have waiting SMO in my diary.**

Corrective actions with respect to nonconformities raised at the last assessment have been reviewed and found to be effectively implemented.

No new nonconformities were identified during the assessment. Enhanced detail relating to the overall assessment findings is contained within subsequent sections of the report.

## Mandatory Requirements – Re-Certification.

Has the Recertification Review Pack been reviewed prior to the assessment by the Client Manager ?

Yes

Have all requirements of the standard been implemented?

Yes

Has the entirety of scope / processes been assessed during the current review period?

Yes

Has the certificate structure and location activities been reviewed?

Yes

Based on the recertification process, the management system continues to demonstrate the ability to support the achievement of statutory, regulatory and contractual requirements.

### Complaints Received by BSI

There have been no complaints received by BSI during the certification period.

### Strategic Review Pack Summary

The strategic review pack was reviewed. Two NCR have occurred over the three years of registration. Discussions centred on the value the organisation have received from the assessments bearing in mind the findings from Dame Elish and Lord Bony's report and the fact cemeteries have not previously been included in the assessments. Without making judgement, the organisation confirmed they feel much happier with the level of service and a new strategic three year plan has been developed in conjunction with the client to ensure all elements of the service are effectively sampled.

### Progress in relation to management system objectives.

The management review process has been reviewed and completed as part of closure of the previous NCR and also as part of a new leadership approach. The review dated 13th Jan 2015 meets the requirements of the standard and identifies the significant processes that were targeted for improvement and associated objectives. Currently objectives are more defined as improvement plans as part of the wider picture of achieving significant improvements in the service and will eventually be determined as performance measures cascaded from the strategic objectives to functional objectives to be monitored with the resulting data used to demonstrate conformance to requirements supporting preventive, corrective and continual improvement actions.

### Leadership, Commitment and Strategy

The senior management interview was conducted with the Senior Manager - Community Safety who gave positive feedback on how the registration to 9001 is now looked upon as a system / management methodology to benefit SfC including adding value to the process of performance improvement, creating a consistent framework, supporting standardisation, improving service delivery to customers. The change in leadership has now given a real focus on benefits of operating to a management system and with the support of the quality team and the ongoing consultation workshops, it is envisaged the QMS will be developed to ensure effective process conformance and control. The new drive and commitment of senior management is palpable to support the implementation of strategic goals, excellent and well done.

Customer satisfaction is an area the organisation recognise as requiring improvement in terms of soliciting feedback and responding to queries, service requests or complaints. The service is proud of it's service delivery and there is a real desire to ensure this is communicated to customers at the same time resolving any issues whether perception or reality in a positive consultative manner. This is an area that will be closely monitored as part of further assessment visits.

### **Effectiveness of the Management System**

The QMS is now structured to provide the necessary controls to ensure customer and regulatory requirements are met whilst working towards continuous improvement. It also provides the basis for policies, identifying the key objective of achieving customer satisfaction whilst providing a comprehensive quality management system. Management are committed to use the QMS as a business tool to deliver consistency in performance.

A new draft policy has been designed based on a commitment to serve customers, job descriptions and competency framework supported by performance reviews will help drive the required behaviours and performance metric to achieve the required and identified improvement plans as part of the new strategic approach to ensure customers are put at the heart of decision making.

### **Impartiality Review**

Two bsi assessor has conducted the assessment visits over the three year cycle. There are no issues of impartiality. Findings over the three year period have been fully discussed with the client. Do you want the current Total assessment days / Cycle to continue ?

Yes 2 days every year for 55 effective number of employees

### **Justified Exclusions**

Justified exclusions have been confirmed for certificate : FS 67790

details: Design & Development

## **Areas Assessed & Findings.**

### **QMS Update - Responsibilities - Improvements - Changes - Plans :**

The Senior Manager - Community Safety responsible for the scope of registration gave a detailed and impressive presentation on where the service sits within Edinburgh Council SFC. The challenge to improve and create a sustainable action plan following on from the difficulties following Mortonhall investigation and needs to restructure as part of council wide initiative has resulted in a significant consultation process internally with staff covering operational cremation and burial services resulting in the creation of a Mortonhall Action Plan CEC.

This will be a significant project as regulatory framework is also under review and consultation will form part of the improvement plan. Sub groups have been formed to identify and address a lot of the issues and concerns raised within Lord Bonomy and Dame Elish reports.

In addition to the MH CEC initiative, A BOLD project to delivery a lean and more agile council has also commenced with communication soon to be established across the council that may impact on the scope of registration in a positive manner. The Quality Manual has been updated (QM-01 2014 - 12) to reflect the spilt in registration of bereavement services from pest control including dog fouling to be separately registered.

Significant discussions were held on the changes to the standards to explain how this will positively impact on the organisation. Key changes include:- The emphasis on leadership - A consistent approach across management systems - The focus on risk prevention. Other areas to consider will be:- Changes to the high level structure Annex SL and terms/definitions - More generic and compatible with service industries - Organizational context must be understood - Process approach strengthened/more explicit - Preventive action replaced by risk - Documented information required by the organisation (no mandatory procedures) - Control of externally provided products and services (Purchasing/outsource).

As part of the internal audit process several new auditors have been trained. The current methodology on internal auditing has been to audit / thorough assessment of the recommendation emanating from Lord Bonomy and Dame Elish reports along with the output of the five day FBCA Federation Burial & Cremation Authorities Assessment creating the improvement plan with defined actions and responsibilities.

The process controls for Pest Control including Dog Fouling are of high level of maturity with the setting up as a separate registration a formality as there have been consistently applied good practices and documented controls (see report summary).

**Mortuary - Controls :**

The Mortuary Manager comprehensively explained the processes and document controls for the following areas. The process is referred to as the tracking process. He confirmed there has never been a case of ineffective identification of a corpse resulting in a wrong body being tagged or returned to the family. Risk management includes control of the corpse from delivery to the mortuary, how the corpse is presented in a controlled manner, identification of the corpse, records including identification of health risk recorded in the log book and transferred to electronic data base. The facility is a fiscal mortuary and the manager explained the difference between the mortuary responsibilities and the procurator fiscal 'Crown' responsibilities.

Good examples were demonstrated for recording of corpses including high level risk such as infections, unexplained deaths, road traffic accidents and murders. The mortuary technicians treat / manage all cases as if high risk taking suitable precautions such as appropriate PPE.

The facility can cater for large overweight corpse, refrigeration and frozen corpse. Other records available included H&S risk assessments, electrical equipment testing, fire risk assessment and manual handling with equipment and training provided for excessive weights.

Records for toxicology and histology were sampled for retrieval and completeness. Clinical waste is controlled along with general waste. Contingency planning includes PPE requirements have been introduced to cater for Ebola.

A tour of the autopsy facility was conducted to verify the equipment including service requirements, there are no requirements for calibration, technician support and how this is controlled by the crown and the clear difference between what the crown is fully responsible for verses the controls required by the mortuary staff to ensure there are no issues or conflict that could result with an prosecuting issue for criminal cases.

In summary there were a lot of good process controls explained and demonstrated with the next visit to witness application and implementation of the process of conducting an autopsy (to be arranged). Well done to everyone involved in what can be described as a unique and difficult environment requiring skill, sensitivity and a high degree of process controls.

During the course of the visit logos were found to be used correctly.

## Minor Nonconformities Raised at Last Assessment.

Ref	Area/Process	Clause
950469N0		5.6.1
Scope	FS 67790	
Details:	No evidence of the conduct of an effective Management Review conducted within Bereavement Services since January 2012. QP 07 currently states "Annual"	
Requirements:	<p>General</p> <p>Top management shall review the organization's quality management system, at planned intervals, to ensure its continuing suitability, adequacy and effectiveness. This review shall include assessing opportunities for improvement and the need for changes to the quality management system, including the quality policy and quality objectives.</p> <p>Records from management reviews shall be maintained (see 4.2.4).</p>	
Objective Evidence:	No evidence of the conduct of an effective Management Review conducted within Bereavement Services since January 2012.	
Actions:	<p>At 01.08.13: The Assessor noted that it is the intent to conduct a management review following this assessment then to increase the frequency to 6 monthly to facilitate all of the ongoing changes and developments and align the review with the new Quality Manual.</p> <p>12.09.14 CH :</p> <p>Due to this significant change the senior manager community safety requested that the management review be further postponed to enable the two reports by Lord Bonomy and Dame Eilish Angiolini covering bereavement services in light of the significant issues raised, be fully considered to ensure an action plan is prepared and discussed as part of the management review process. Additionally scope of registration needs to be discussed to determine by the re-certification visit whether the current registration of bereavement services and pest control should continue. It was felt this would be prudent and will form a major part of the discussions at the re-certification visit in Jan 2015.</p> <p>15.01.15 CH</p> <p>Excellent recommencement of the management review process lead by the Senior Manager - Community Safety including the two managers responsible for cremation and bereavement services. The review includes not only the requirements of the standard but more importantly adds real value as part of the significant review of the service provision with identified improvement actions.</p>	
Closed?:	Yes	



## Assessment Participants.

On behalf of the organisation:

Name	Position
Natalie McKail	Senior Manager - Community Safety
Margaret Young	Performance & Quality Manager
Stepehn Straiton	Project Officer
Frank Davie	Mortuary Manager

The assessment was conducted on behalf of BSI by:

Name	Position
Chris Hargrove	Team Leader

## Continuing Assessment.

The programme of continuing assessment is detailed below.

Site Address	Certificate Reference/Visit Cycle	
The City of Edinburgh Services for Communities Bereavement and Pest Control Mortonhall Crematorium 30B Howden Hall Road Edinburgh EH16 6TX United Kingdom	FS 67790	
	Visit interval:	6 months
	Visit duration:	1 Days
	Next re-certification:	01/01/2018

Re-certification by Strategic Review will be conducted on completion of the cycle, or sooner as required. The review will focus on the strengths and weaknesses of your Management System.

## Certification Assessment Plan. **Guidance only**

CITY O-0047119351-001|FS 67790

		Visit1	Visit2	Visit3	Visit4	Visit5	Visit6
Business area/Location	Date (mm/yy):	07.15	01.16	07.16	01.17	07.17	01.18
	Duration (days):	1.0	1.0	1.0	1.0	1.0	1.0
Management Systems - Service Update - Changes - Responsibilities - Preventive Action - Improvements		X	X	X	X	X	X
Management Review - Service Plans - Customer Focus - Performance Monitoring - Improvement Actions			X		X		X
Customer Satisfaction & Complaints		X	X	X	X	X	X
Internal Audit - Corrective Action			X		X		X
Resource - Training - Competency		X			X		X
Crematorium Facility Process Controls			X		X		
Memorials Process Controls							
Burials Facility Process Controls		X		X		X	
Mortuary Facility Process Controls							X
Indigent Dead Facility Process Controls			X				
Re Assessment by Strategic Review - Senior Management Interview							X

## Next Visit Plan.

### Visit objectives:

To provide an added value assessment of the effectiveness of the quality management system as detailed in the plan below to be confirmed at the opening meeting. To include lunch.

Date	Assessor	Time	Area/Process	Clause
23/07/2015	Chris Hargrove	0900	Opening Meeting - Mortonhall	
			Management Systems - Service Update - Changes - Responsibilities - Preventive Action - Improvements	
			Customer Satisfaction & Complaints	
			Burials Facility Process Controls including site visits	
		1500	Report Preparation - Mortonhall	
		1600	Closing Meeting	

Please note that BSI reserves the right to apply a charge equivalent to the full daily rate for cancellation of the visit by the organisation within 30 days of an agreed visit date. It is a condition of Registration that a deputy management representative be nominated. It is expected that the deputy would stand in should the management representative find themselves unavailable to attend an agreed visit within 30 days of its conduct.

## Notes.

The assessment was based on sampling and therefore nonconformities may exist which have not been identified.

If you wish to distribute copies of this report external to your organisation, then all pages must be included.

BSI, its staff and agents shall keep confidential all information relating to your organisation and shall not disclose any such information to any third party, except that in the public domain or required by law or relevant accreditation bodies. BSI staff, agents and accreditation bodies have signed individual confidentiality undertakings and will only receive confidential information on a 'need to know' basis.

'Just for Customers' is the website that we are pleased to offer our clients following successful registration, designed to support you in maximising the benefits of your BSI registration - please go to [www.bsigroup.com/j4c](http://www.bsigroup.com/j4c) to register. When registering for the first time you will need your client reference number and your certificate number (47119351/FS 67790).

This report and related documents is prepared for and only for BSI's client and for no other purpose. As such, BSI does not accept or assume any responsibility (legal or otherwise) or accept any liability for or in connection with any other purpose for which the Report may be used, or to any other person to whom the Report is shown or in to whose hands it may come, and no other persons shall be entitled to rely on the Report.



## Assessment Report.

Should you wish to speak with BSI in relation to your registration, please contact our Customer Engagement and Planning:

Customer Services  
BSI  
Kitemark Court,  
Davy Avenue, Knowlhill  
Milton Keynes  
MK5 8PP

Tel: +44 (0)845 080 9000 Fax +44 (0)1908 228123

Email: [MK.Customerservices@bsigroup.com](mailto:MK.Customerservices@bsigroup.com)

## **Appendix 5: Letter sent by Chief Executive to partners on Policy Statement**

Our Ref: SB/dh

Your Ref:

Date: 11 June 2015

Dear

### **City of Edinburgh Council: Policy Document on Cremation Services**

Please find attached a copy of the City of Edinburgh Council Policy Document on Cremation Services. This Policy Statement was approved by elected members at a Full Council meeting on 5th February 2015, and sets out the range and quality of service that the bereaved can expect from services delivered at Mortonhall Crematorium. This also outlines a commitment from the City of Edinburgh Council to deliver cremation services to specified standards.

The development of a Policy Document is a key recommendation of Lord Bonomy's Report on the Infant Cremation Commission. This includes a clear definition of ashes in line with Lord Bonomy's recommendations, and a clearly articulated commitment to the sensitive treatment of the baby, parents and family throughout the process. The document also clearly outlines operational practices which are in place to ensure that ashes are recovered wherever possible from baby and infant cremations, and an undertaking that there will be a clear recording procedure for the location of ashes if the parents request that these be buried in the crematorium grounds.

This Policy Document has been developed with oversight from the Council's Multi-Agency Working Group which I have chaired and the active participation of the Mortonhall staff team, and takes into account good practice guidance and recommended policy approaches produced by the Institute of Crematorium and Cemetery Management (ICCM) and the Federation of Burial and Cremation Authorities (FBCA), and is based on the model Policy Statement agreed by the National Committee on Infant Cremation in January 2015.

It is envisaged that the Policy Document will be reviewed on an annual basis to take account of any emerging legislative changes arising from the implementation of the Burial and Cremations Bill, and taking into account feedback from the newly appointed Inspector of Crematoria.

This formal document is being made available to members of the public, industry and healthcare professionals, in order to provide reassurance that cremation services operated by City of Edinburgh Council will operate within the framework of legal and industry guidelines, maintain a commitment to the sensitive treatment of the baby throughout and to respect the wishes and needs of parents and families. Funeral Directors and healthcare staff are welcome to include appropriate extracts from the Policy Document in any information and guidance material given to families.

It is envisaged that key elements of this document will be incorporated into wider service information currently under development, which will also be available to members of the public and professions working in this field.

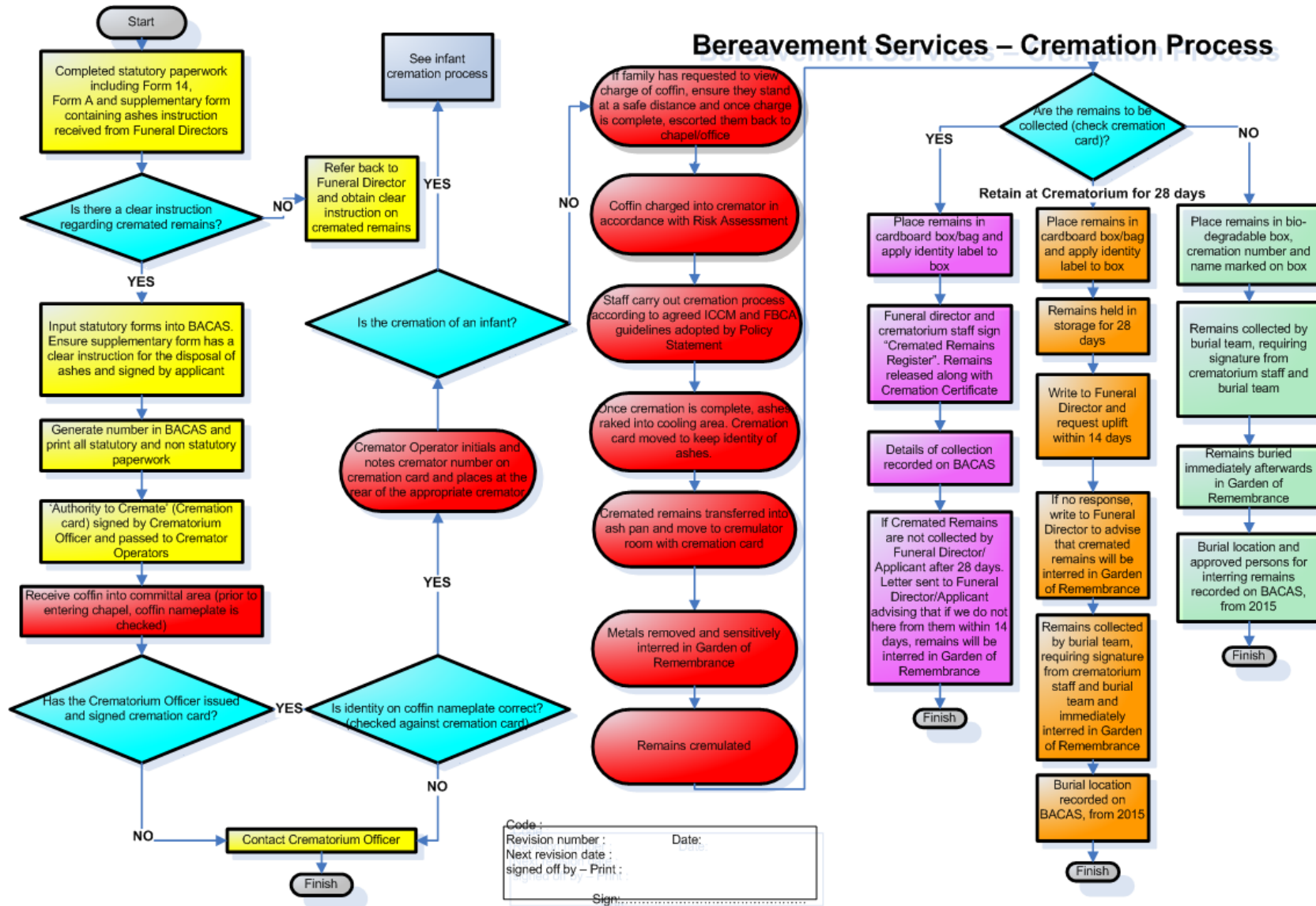
I would be grateful if you would make arrangements for this Policy Document to be distributed within your organisations, to support a wider understanding of the improved practices at Mortonhall.

I am keen to continue to work collaboratively in developing a shared understanding of roles and responsibilities in delivering these services, please feel free to get in touch if you would like to discuss any concerns or opportunities.

Yours sincerely

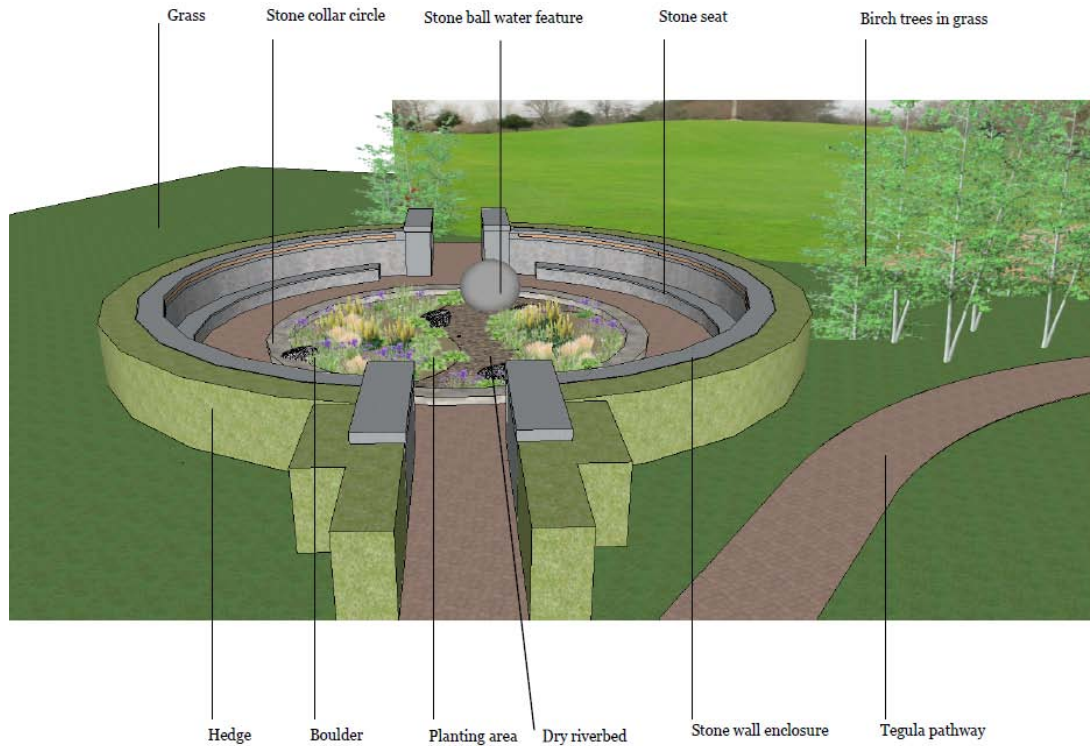
SUE BRUCE  
Chief Executive

## Appendix 6: Cremation Process map



## Appendix 7: Preferred Mortonhall memorial garden design

FIGURE A - DESIGN VIEWED FROM ENTRANCE



**GREEN EDGE GARDEN DESIGN**  
4 Balfour Place  
Edinburgh  
EH6 5DW  
www.greenedgegardendesign.co.uk  
+44 (0) 131 476 0860

**ASSOCIATE 1**  
Rebecca Govier  
07817 505 571

**CLIENT**  
City of Edinburgh Council  
City Chambers  
High Street  
Edinburgh EH1 1YJ

**PROJECT**  
Mortonhall Memorial Garden

**DRAWN BY**  
RJG

**ISSUE**  
14.5.2015

**RE-ISSUE**  
MM.DD.YY

**DESCRIPTION**  
Design views

**A0.1**



## Appendix 8: Letter sent to affected parents, May 2015



Dear

We are writing to update you on progress on memorials for babies affected by past practices at Mortonhall Crematorium. After consultation with affected parents, a decision has been made to develop two memorials, one at Mortonhall and one at another location. We know it has been some time since we contacted you about this, however we would like to reassure you that we have been working hard to make sure that the memorials to affected babies are in line with parents' wishes.

### **Mortonhall memorial garden**

As suggested by affected parents, we worked with garden designers to develop four initial designs for Mortonhall. During February 2015 we asked affected parents to tell us which design most clearly matched their idea of a suitable memorial.

The initial options presented were:

Design 1 (Circular garden and benches)

Design 2 (Walled circular water garden)

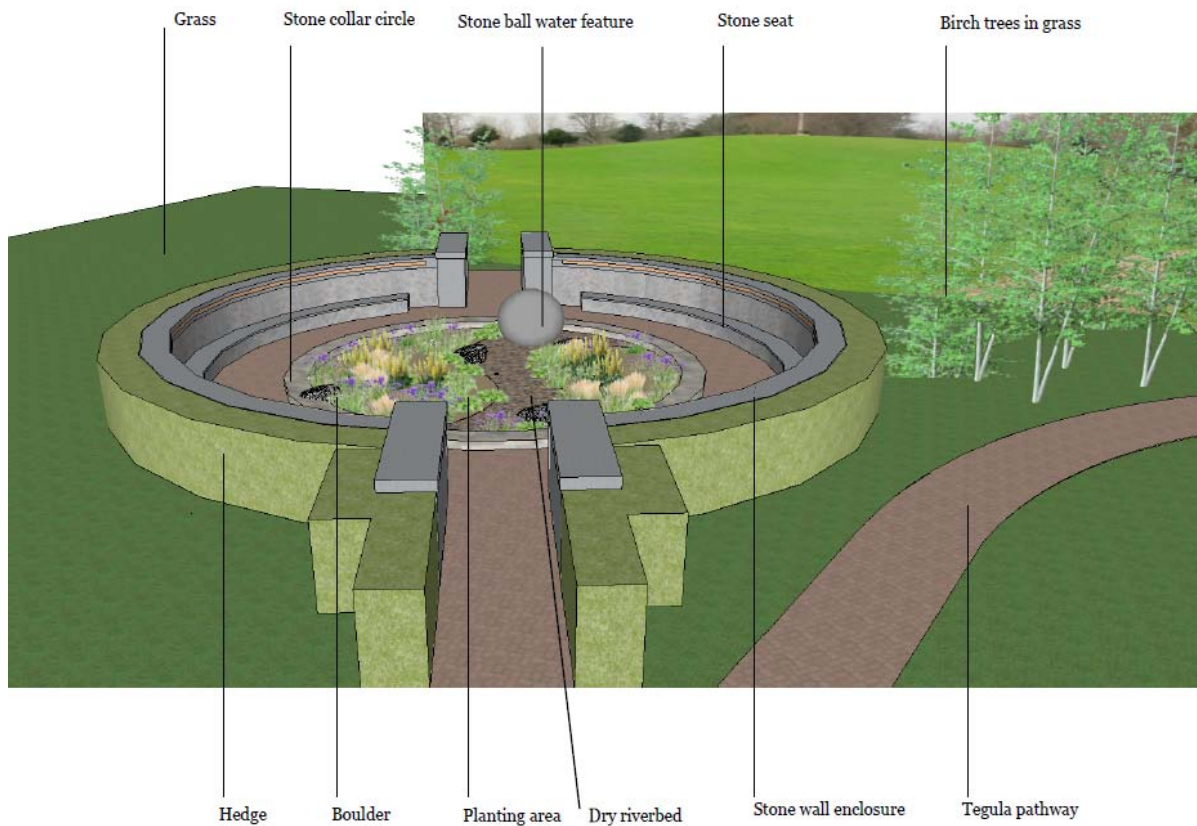
Design 3 (Walled garden and sheltered bench)

Design 4 (Semi-circular garden and benches)

We would like to thank all parents who took part. Based on what parents told us, the preferred design is Design 2 (Walled circular water garden). We have been working with designers to finalise this design so it fits in with its surroundings at Mortonhall, while providing what parents suggested. This includes a private, enclosed space a range of plants and flowers and seating all round the garden. The original outline plan included a pond, however following concerns raised by a number of parents this has been revised to feature a central stone ball with running water. A copy of the design is provided below.

We are working with the designer and contractors, and we aim to complete the garden at Mortonhall by November 2015.

FIGURE A - DESIGN VIEWED FROM ENTRANCE



## Remembering babies

Many parents have told us that it is very important to them that their babies are remembered as individuals as part of the memorial. We have been carefully looking at the best ways to do this as part of the design of the garden. Names will be etched on a high quality, feature metal strip running around the internal wall of the garden.

The attached form gives options for remembering individual babies at Mortonhall. If you feel that you would like to have your baby or babies individually remembered as part of the memorial garden, please can you complete and return the attached form using the envelope provided.

If you would like to discuss this in person, please speak to any of the contacts below.

However, if you decide that you would prefer not to include the name of your baby or babies, but later change your mind, we will be happy to support this.

We understand from what parents have told us that not everyone may wish to have their baby's name individually remembered at the memorial garden, so please be assured that this is entirely optional. We also hope to include a commemorative plaque dedicated to all those affected, in addition to individual names where parents have asked us to do so.

**We would like to reassure you that we will not include any individual babies' names unless parents have given us consent to do so on the attached form.**

### **Alternative memorial**

Reflecting the views of parents who did not wish to return to Mortonhall, a range of alternative location options that had been suggested were available for consultation in March 2015, allowing parents to consider benefits and concerns around each site.

Parents were asked to say which location most clearly matched their idea of a suitable place for the memorial. Potential locations were as follows:

Arthur's Seat/Holyrood Park

Blackford Hill and Blackford Pond

Braid Hills

Calton Hill

Inverleith Park

Lauriston castle

Little France Hospital

The Meadows

Princes Street Gardens

Queen Street Gardens

Saughton Park

We again would like to thank all parents who took part.

Based on feedback from parents, the preferred location for the alternative memorial is **Princes Street Gardens**.

We are working with the Council's Parks and Green Space team to find a suitable location within Princes Street Gardens for a beautiful and fitting memorial.

We recognise how important it is to make sure that we create high quality and fitting memorials. We will continue to work with, consult and inform affected parents as we take this forward.

If you wish to discuss this please contact either:

Sands Lothian [info@sands-lothians.org.uk](mailto:info@sands-lothians.org.uk) or 0131 622 6263

SiMBA [team@simbacharity.org.uk](mailto:team@simbacharity.org.uk) or 01368 860141

Natalie McKail [natalie.mckail@edinburgh.gov.uk](mailto:natalie.mckail@edinburgh.gov.uk) or 0131 529 7300.

**Nicola Welsh**  
**SANDS**

**Sara Fitzsimmons**  
**SiMBA**

**Natalie McKail**  
**City of Edinburgh Council**

## Mortonhall Memorial Garden: Remembering our babies

Many parents said that they would like the names of their baby or babies individually recorded as part of the design of the garden. However, we understand that this is not the wish of all affected parents, and will be entirely optional.

If you would like the name of your baby or babies to be recorded on the memorial in time for the opening in autumn 2015, it would be helpful if you could select **one** of the options below and return this form using the envelope provided by **30 JUNE 2015**.

### 1. I would like my baby or babies to be remembered on the memorial by name

Baby's Name(s)

Baby's Date of Birth (optional)

**OR**

### 2. I would prefer not to include the name of my baby or babies but would like them to be remembered on the memorial with a short message of up to six words

Message

Baby's Date of Birth (optional)

**OR**

### 3. I would prefer that my baby or babies are not individually remembered as part of the memorial

Please sign here

**Please provide your details**

Parents Name(s)

Contact Number

Email

**I/We agree that my/our baby's details will be included on the Mortonhall Memorial Garden in accordance with my/our wishes indicated above.**

Signature(s)

Date

We will not include details of any individual baby or babies on the memorial at Mortonhall unless parents have given us signed consent to do so on this form.

If you decide that you would prefer not to include the name of your baby or babies, but later change your mind, we will be happy to support this. However, we cannot guarantee that this will be available in time for the opening of the memorial garden.

City of Edinburgh Council – Thursday 25 June 2015

## INFANT CREMATIONS SCOTLAND – CODE OF PRACTICE 2015

1. The deceased infant, their family and their friends must be treated with respect, dignity and sensitivity at all times.
2. The principle of informed choice for next of kin must apply to all decision-making discussions and documentation. This must include transparency as to alternative options and applicable costs, and provide clarity over who may hold future decision-making powers.
3. Communication with, and the information available to, family and friends of the deceased must be consistent across all involved organisations and institutions.
4. Next of kin must be allowed some time to reflect and, if necessary, make changes to their initial decisions.
5. Next of kin must be provided with a copy of any documentation signed by them.
6. 'Ashes' is defined as "all that is left in the cremator at the end of the cremation process and following the removal of any metal", irrespective of their composition.
7. All organisations and institutions involved in infant cremations must adhere to the principle of maximising the recovery of ashes when agreeing contracts, arranging and/or conducting infant cremations.
8. Arrangements relating to any hospital-arranged infant cremations must be set out in a contract / be agreed in writing between NHS, funeral director, cremation authority and/or burial authority, as applicable.
9. All organisations and institutions involved in infant cremations must regularly review their own procedures and policies to ensure best practice is maintained.
10. All organisations and institutions involved in infant cremations must establish regular sharing and learning of multi-agency and cross-country best practice.
11. All relevant staff must successfully complete relevant, available training before their involvement in discussing, organising or conducting infant cremations.
12. Records must be accurate, clear, accessible and maintained electronically where possible.
13. All organisations and institutions involved in infant cremations must allow and assist with regular inspection of their premises, personnel, policies, procedures and/or records etc by the individuals or bodies designated by statute for this purpose.
14. All organisations involved in infant cremations, and all their existing or new infant cremation policies, codes of practice, guidance, procedures and processes must ensure they adhere to this national Code of Practice, including its Supplementary Guidelines and any accompanying Explanatory Notes.
15. All organisations involved in infant cremations must ensure they are and continue fully compliant with the law in Scotland.

## Appendix 10: Draft Application for Cremation Forum (under 24 weeks gestation)

Mortonhall Crematorium,  
30B Howdenhall Road  
EDINBURGH  
EH16 6TX  
Telephone 0131 664 4314

FORM A  
(NVF)

### Application for cremation (Baby under 24 weeks gestation)

#### Please answer all questions

Name of baby

Sex (if known)  Gestation (in weeks/days)

Date of delivery  Place of delivery

Name of mother

Address  Post Code

Date and time of cremation

Name of officiant

It is the policy of the City of Edinburgh Council to return all ashes resulting from the cremation of a baby to the applicant, if that is their wish. If they do not wish the ashes to be returned to them, then we will respectfully bury them in the crematorium grounds in the same manner as we would do with an adult. The City of Edinburgh Council, in conjunction with industry representatives, has developed an approach to the cremation of babies and infants that is designed to maximise the recovery of ashes. This includes the use of a cremation tray designed to retain ashes, and the maintenance of operational conditions that will maximise the recovery of any ashes during the process of cremation.

I wish the ashes to be:

To be taken away in Casket within 28 days by representatives	<input type="checkbox"/>
Buried in the Garden of Remembrance at Crematorium <i>Please note that no permanent markers are displayed within the Garden of Remembrance</i>	<input type="checkbox"/>
Retained to await instruction (Period 28 days) <i>If at the end of 28 days no instructions have been received as to their disposal, the remains will be dispersed within the Crematorium grounds.</i>	<input type="checkbox"/>
Do you wish a brochure detailing memorials available at Mortonhall to be forwarded to you?	<input type="checkbox"/>
Print your full name <input type="text"/>	Signed <input type="text"/>

I declare that to the best of my knowledge and belief the information given in this application is correct and that no material particular has been omitted. I am aware that it is an offence to wilfully make a false statement with a view to obtaining the cremation of any human remains.

Name of applicant	
Relationship to baby	
Signature of applicant	

**Declaration of Funeral Director**

**Construction of the coffin.** The coffin must be made of a suitable material which, when placed in a cremator and subjected to the cremation process, is easily combustible and which does not emit smoke, give off toxic gas or leave any retardant smears or drips after final combustion. No metal furniture or fittings whatever shall be used on a coffin for cremation. Coffin handles should be free from unnecessary metal components. No metal of any kind shall be used in the manufacture of such coffin except as necessary for its safe construction and then only metal of a high ferrous content. Cross pieces must not be attached to the bottom of the coffin. If it is desired to strengthen the bottom of the coffin, wooden strips may be placed lengthways for this purpose. External coatings to a coffin must allow for smokeless combustion and the use of nitro-cellulose varnish, polyurethane, melamine and any products containing polyvinyl chloride (PVC) must not be used. Water-based lacquer, free from additives containing heavy metals, may be used for coating a coffin or a suitable cloth may be used for covering a coffin. The exception to the foregoing is the use of polystyrene which is restricted to the coffin nameplate only and this must not exceed 90 grams in weight.

**Lining of the coffin.** The use of sawdust, cotton wool or shredded paper within a coffin must be avoided. If lining of a coffin is necessary, this should be manufactured from polythene not exceeding 75 microns in thickness. Lead or zinc linings must not be used. The use of shredded paper within a coffin is not permitted.

Funeral Director			
Address		Telephone	

We confirm that the coffin to be presented for cremation at the above stated date and time has been constructed in accordance with these instructions.  
We confirm that we are aware of the current procedures for baby and infant cremations at Mortonhall Crematorium including the prospects of ashes being recovered and acknowledge that literature on this subject is available from City of Edinburgh Council.

*Signed on behalf of the above*

NOTE: The City of Edinburgh Council reserve to themselves the right of refusing to carry out Cremation in any case without assigning any reason.

This Application, Certificate of Registration of Death and the Medical Certificates, must be lodged at least 24 hours prior to the time of cremation, with the Principal Officer and Registrar, Mortonhall Crematorium, Telephone 0131 664 4314



10.00am, Thursday, 25 June 2015

## Council Transformation Programme: status report

<b>Item number</b>	8.2
<b>Report number</b>	
<b>Executive/routine</b>	
<b>Wards</b>	All

### Executive summary

---

This report provides the City of Edinburgh with a single, consolidated update on progress against delivery of the Council Transformation Programme and related initiatives.

The report sets out the Future Operating Model and associated structures. It provides status updates on key workstreams. It also sets out the detail of a proposed career transition service and seeks approval to begin consultation on revised voluntary early release arrangements and redundancy procedures.

### Links

---

<b>Coalition pledges</b>	P30
<b>Council outcomes</b>	CO25
<b>Single Outcome Agreement</b>	SO1, SO2, SO3 & SO4



## Council Transformation Programme: status report

### Recommendations

---

- 1.1 Note the significant strategic and financial challenges outlined in this report;
- 1.2 Note and endorse the revised Future Operating Model, which sets out how *Organise to Deliver* will work in practice, and which will be implemented as a priority;
- 1.3 Note the progress updates on the programme business cases as outlined in this report;
- 1.4 Note that the Asset Management Strategy business case will be presented to the Finance and Resources Committee in August 2015;
- 1.5 Note that service prioritisation options will be presented in line with budget engagement timescales.
- 1.6 Approve the commencement of consultation on the revised Voluntary Early Release Arrangements (VERA) and Voluntary Redundancy (VR) terms and note the detail of the proposed Career Transition Service; and
- 1.7 Note the implementation plan and approach to resourcing that plan going forward.

### Background

---

- 2.1 The Council continues to operate in a challenging environment with increases in demand for services within ongoing financial constraints. In response, the Council has developed a transformation programme aimed at building a lean and agile organisation, centred on customers, services and communities.
- 2.2 In December 2014, the Chief Executive's report, *Organise to Deliver*, set out how the Council needed to be transformed in order to better equip it to implement a new approach to service delivery and to manage the financial challenge ahead.
- 2.3 On 15 January 2015, the Finance and Resources Committee approved four business cases, which collectively targeted a £49 million saving over the period to 2019/20, aligned to the proposed new delivery model. Two further business cases on workforce strategy and asset management have since been developed.
- 2.4 In order to understand the cumulative impact of these business cases, including costs and benefits and how they would move the Council towards the strategic

ambitions set out in *Organise to Deliver*, the Transformation Programme has developed a Future Operating Model. This sets out the next level of detail about how the Council will work in the future.

- 2.5 This report provides a progress update on a number of areas of the Transformation Programme, in particular:
- The proposed Future Operating Model and corporate structure;
  - Progress made in the main workstreams;
  - Proposed changes to the Council's current voluntary release policy and the introduction of a career transition service;
  - The implementation plan and requirement to develop in-house transformation capability.

## Main report

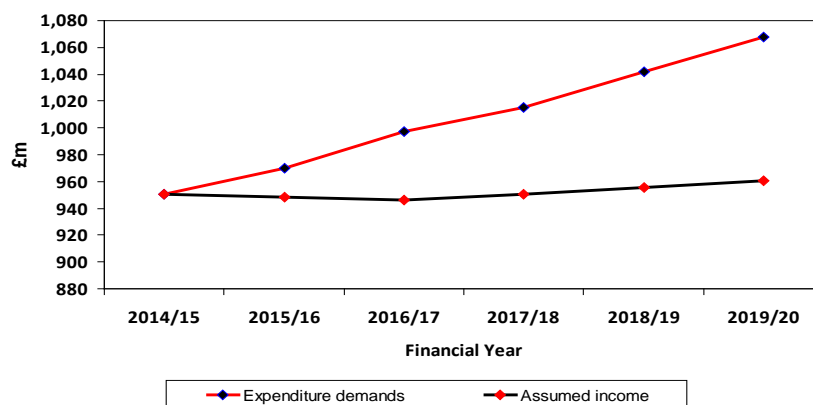
---

### Financial and Strategic Challenges

- 3.1 The Council is facing significant financial pressures due to a number of key challenges.
- 3.2 More people require Council services, with particular growth in demand for services for young and older people where costs are greatest. Increasing demographic-led demand is placing an extra £10 million pressure on the Council every year.
- 3.3 Despite recent economic difficulties, like all areas of the economy, Council services continue to be subject to the effects of inflation. In 2015/16, the Council's budget included over £10 million in respect of inflationary uplifts relative to the previous year.
- 3.4 In addition to this, changes arising from welfare and pension reform have reduced the Council's income or increased its costs. Revised National Insurance arrangements from April 2016, for example, are expected to add up to £10 million to the Council's employee costs in 2016/17.
- 3.5 Finally, the Council's combined level of income from Government Grant and Council Tax has fallen by almost 20% in real terms since 2010/11 and a reduction of 0.5% p.a. in Government Grant has been assumed for the next three years.
- 3.6 The Council's forecast deficit is significant - current projections are for a gap of at least £107 million between available resources and projected expenditure by 2019/20. This assumes existing pressures within Health and Social Care and Corporate Property are fully resolved.
- 3.7 While the extent of the financial challenge facing the Council is undoubtedly substantial, significant efficiencies have nonetheless been made in recent

years. Approval of the three most recent years' revenue budgets has been underpinned by the delivery of almost £80m of recurring annual savings. These savings have maximised the level of investment available for frontline services and allowed the Council to continue to make additional financial provision for the effects of demographic change upon its services.

3.8 The scale of the financial challenge is outlined in the graph below.



3.9 There are four key risks that could make the financial gap even greater:

- Worse than predicted grant settlements, including any adverse effects from the UK Government budget on 8 July 2015;
- Failure to deliver savings agreed in previous year's budgets;
- Unresolved pressure and overspends in Health and Social Care and Asset Management;
- Increased demographic pressures beyond the level currently provided for.

3.10 In addition to the financial pressures facing the Council, there are a number of further strategic challenges, including public sector reform, population change, increasing service demands, rising customer expectations and Health & Social Care Integration. There are also a number of internal challenges around Property and Asset Management, Health and Social Care and the management of complaints, the role of the Council and its relationship with citizens and stakeholders and the Council's culture, communication and engagement.

3.11 The financial strategy to close the identified budget gap consists of four main elements:

- Control current overspends;
- Deliver previous year's savings commitments;
- Transformation savings; and
- Service prioritisation.

3.12 All four of these elements will need to be delivered, with service prioritisation measures representing the last line of defence. A shortfall in the savings achieved through any one of these measures will require increased savings to

be identified elsewhere. Bolder transformation savings will diminish the need for more severe service reductions – and vice versa.

- 3.13 The scale of the identified budget gap represents a significant challenge for the organisation and will require difficult decisions to be made in order that the Council can change how it operates, focus on outcomes and live within its financial means.

#### Future Operating Model

- 3.14 *Organise to Deliver* provided the foundations on which the Future Operating model has been built:
- being **outcomes focussed** so that decisions about what the Council does and how it does it are based on which choice makes the best contribution to the Council's priority outcomes;
  - delivering services **locally** so that services are planned in, delivered in and accountable to the localities they serve and are better able to join up within the Council and with other public sector partners;
  - making **better use of digital services** so that customers have greater access, services are available at times that suit them and on devices that suit them;
  - **Consolidating** our services in the customer functions and the back office support functions so they are more efficient.
- 3.15 This represents a significant change for the organisation. Currently there are customer functions in a number of Directorates which are managed separately and which have relatively low levels of digital service use compared to other organisations. Although there are areas of good practice, overall services operate in different ways and based around the service provided rather than the 'whole' need of the citizen and the outcome being sought. Furthermore, back office functions are fragmented, offer an inconsistent service to the front line and create duplication.
- 3.16 *Organise to Deliver* provided the direction to change the operating model, including the Directorate structure and the agreement with public sector partners to move to a common, **four locality geography for Edinburgh**.
- 3.17 Four workstreams were launched to deliver the business case for the changes needed to move towards the new operating model: Citizens and Localities Services, Business and Support Services, Channel Shift and Third Party Payments. Given the interdependencies between these workstreams and the need to understand the total impact on the organisation, they are managed as one Transformation Programme. The individual projects which make up the whole programme are shown in Appendix 1.
- 3.18 The Transformation Programme produced an overall Future Operating Model to bring together and understand what the changes will mean for the Council, in

particular given the dependencies between them and the need to help deliver an affordable Council. In addition, the programme has added further workstreams to focus on further opportunities within Asset Management and to be responsible for the impact across each workstream in areas such as Finance, Organisation Design, Workforce Strategy and Communications.

3.19 The Future Operating Model has been developed from a high level view (the 'Blueprint') into a detailed design that sets out the key characteristics of the future Council, including:

- The **design principles** that will underpin all future change and business cases;
- The **future structure**, built from the Director posts agreed in *Organise to Deliver* and set out to the next two management tiers;
- Describing how the council will **work in practice** when the business cases are applied to the organisation.

3.20 There are a number of benefits to implementing the Future Operating Model:

- It will deliver a **less hierarchical structure** with fewer layers of management
- A **single geography** for all services improving partnership working and our ability to measure outcomes
- **Reduced duplication** of back office functions, reducing costs and providing a more consistent service to the front line
- **Clear accountability** so that whilst services will be increasingly joined up around the customer, there will be clear and single responsibility for quality and cost within services
- Greater **customer confidence and use of digital channels** resulting in better access, reduced waiting and processing times
- A shift to more **community and partnership leadership**

3.21 In practice the Future Operating Model will create four distinct and focussed service groups:

- Customer and citizen contact
- Locality services
- City-wide services
- Business and support services

3.22 **Customer and citizen contact** will bring together the first point of contact from customers into one customer service team, working across the whole of Edinburgh. They will be responsible for dealing with customer enquiries and where possible resolving them at the first point of contact. Where the issue requires more specialist service support, or a face to face visit, the customer service team will transfer the contact across to the relevant service.

- 3.23 The team will be responsible for supporting a reduction in the number of contacts received through more expensive routes such as face to face and telephone by making more use of digital channels, including the website that works across all digital devices (such as mobile phones and SMART TV).
- 3.24 **Locality services** will be grouped and managed under four geographic areas common to both Council and other public sector organisations within Edinburgh. The Localities will be supported by the 12 Neighbourhood Partnerships. This will support greater integration within the Council and externally with partner services so that we can make the most of our collective efforts to improve outcomes. It will also improve our ability to support citizens who have multiple and complex needs in ways that focus on them rather than the different service providing support.
- 3.25 Executive Directors will have two key responsibilities which are reflected in the leadership roles. Firstly, **responsibility for the cost, quality and performance of the service, which will remain with Directorates as it does today.** Secondly, there will be a responsibility to drive integration within the Council and externally with partners to deliver better outcomes and take opportunities to improve services.
- 3.26 As part of this second responsibility, Executive Directors within the Council will each have 'locality' leadership roles.
- 3.27 **City wide services** will work on a 'whole Edinburgh' basis rather than being dedicated to, or managed by, any one locality. Services will work on a city wide basis where it does not make sense to break them up into four localities, for example, where there is a need for consistency, because of economies of scale or where the demand for the service does not easily fit into locality model.
- 3.28 City wide services will be responsible for service cost, quality and performance as is currently the case, but will be 'shaped' to a greater degree by the knowledge of community priorities and needs supplied by the locality management. For example, some specialist city wide services will be referred to and commissioned by the locality teams.
- 3.29 **Business and support services** will be consolidated so that teams currently providing 'support' activity within Directorates are all brought together into one team. This will reduce duplication and allow for greater consistency and professional services to the front line.
- 3.30 Teams providing support to the front line will work across the City. Front line staff will be seen as customers of the business and support functions with client relationship roles part of the business support function, to ensure that front line service needs are understood and met.
- 3.31 The summary view of the future model is provided in Appendix 2.

## Future Operating Model Structure

- 3.32 The Future Operating Model will require a major change in leadership and culture within City of Edinburgh Council. This is reflected in the introduction of different leadership roles to support service integration and an increased outcome focus in performance and risk management. Alongside this, budget responsibility and accountability will continue in line with the current model to ensure there is no reduction in financial oversight and control in moving to the future model.
- 3.33 The Future Operating Model structure builds on the Director roles which were described in *Organise to Deliver* and includes the next tier of detail, including consideration of the relationship between locality based teams and locality management.
- 3.34 Appendix 3 sets out the overall Future Operating Model corporate structure. This includes proposing new leadership roles for Directors to reflect the locality model.
- 3.35 Currently Director roles are purely functional – i.e. they are accountable for service performance, risk, quality and budget for their own services. In the proposed future structure, Directors will combine this accountability with a locality leadership role. These are described below:
- 3.36 **Locality Leader** - the Executive Director of Communities and Families will be the overall Locality Leader, with responsibility for leading integration across Edinburgh. This means responsibility for:
- Overall leadership and direction of locality model
  - Ensuring consistency of approach across all four localities
  - Ensuring effective integration of services across the four localities
  - Facilitating communication between the Head of Service in each locality and the Executive Directors to encourage joined up, cost efficient working, best practice in service delivery and quality assurance.
- 3.37 **Locality Champion** - Executive Directors of Communities and Families, Place, and City Strategy & Economy and the Chief Operating Officer will each have responsibility for driving integration within one of the localities. This means responsibility for:
- Providing visible leadership of the locality
  - Ensuring the various functional locality services are effectively integrated
  - Work with the Locality Leader and work alongside the other Executive Directors to prevent silo working
- 3.38 Further, the next tier of management below Directors ('Tier 2') will also have locality management responsibilities. At each locality there will be a management team of one Tier 2 from each Directorate i.e. in each locality there

will be a Tier 2 from Place Services, Communities and Families, City Strategy & Economy and the Chief Operating Officer's Directorate. They will be supported by a 'locality client' role within Business and Support Services and will work with other community planning partners.

- 3.39 To provide clear accountability, one Tier 2 manager will be the lead among the locality management team. This will mirror Directorate Locality Champion roles e.g. Place Services Executive Director and Place Services Tier 2 manager will be the South East leads.
- 3.40 Note the future structure includes a Director of Culture. This is the only Director role beneath the Executive Directors and reflects the high profile and critical importance of culture within the City of Edinburgh's strategic plans.
- 3.41 This new structure targets a 25% reduction in management costs in the Citizens and Localities Services workstream in order to protect front line services and to meet the targeted savings for 2016/7 from the Transformation Programme. This is projected to deliver £12 million in savings. Process reviews and improvements within Citizens and Localities workstream are projected to deliver a further £4 million in savings. The restructuring across the Business and Support Services workstream is projected to deliver £9.1 million in savings, whilst the Channel Shift workstream is targeting a further £5.9 million. This equates to a reduction of 946 FTE in total across the three workstreams.
- 3.42 The savings are being delivered through reducing the number of management layers to a target of 5; increasing the number of staff managed by each manager by adopting a more consistent approach; and consolidating services under a streamlined management team.
- 3.43 Programme Business Case Updates
- 3.44 A summary of progress for each of the business cases within the Transformation Programme is provided below as follows:
- Business and Support Services
  - Citizen and Locality Services
  - Third Party Payments
  - Channel Shift
  - Asset Management
- 3.45 Further to this, the Activity Analysis (which is working across the whole Council to identify the baseline effort and to obtain and shortlist the opportunities) is now approaching conclusion and will provide the starting point for process improvement business cases.

#### Business and Support Services (BSS)

- 3.46 Currently the Council has business and support services within a number of Directorates as well as Corporate Governance. The ambition is to move to a full



'shared service' support model which brings together support provided to front line customers into one Directorate and one consistent model and to remove business support activity from service Directorates.

3.47 The workstream aims to move to this future state in three stages:

- **Consolidate** teams and reduce management overheads
- **Improve processes** and align ways of working
- Fully implement an **Integrated Support Services Model**

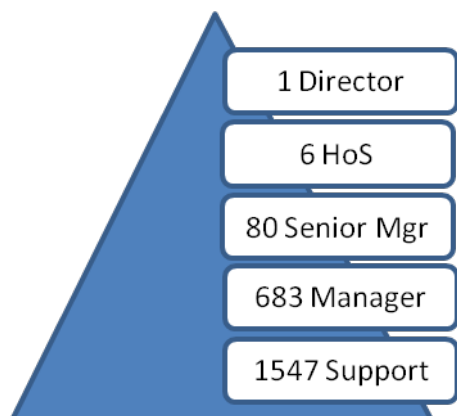
3.48 The consolidation phase of this project will bring together all staff whose role is primarily delivering support services into single teams under one management. It is anticipated that this will take place phases in order to minimise the risks and costs associated with large scale cultural change. The services in each phase are set out below:

- ICT, Performance, Strategic, Business Intelligence, Customer Services Pilot
- Legal, Commercial and Procurement, Audit and Risk, Information Management
- Committee and Member Services, Finance, Transformation and Business Change
- HR and Organisational Development, Reputation and Communications
- Business Support and Customer Services

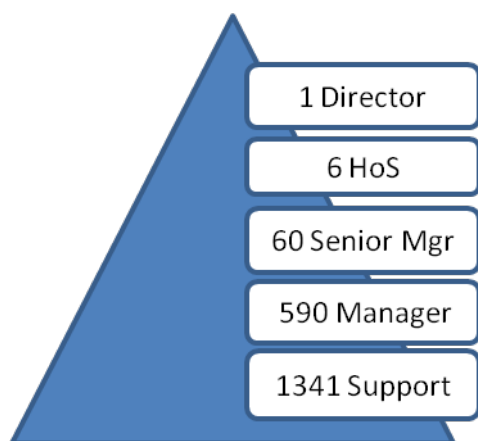
3.49 The project has identified savings across all levels of the organisation. The project business case has identified 11.5% reduction in current employee costs. Confirmation of potential additional savings will be completed over the next two months incorporating analysis from the current state assessment and high level organisation design phase of the project.

3.50 The estimated impact on the organisation design is set out below:

#### **Current**



## Future



3.51 This equates to a 25% reduction at senior management level, a 14% reduction at management level and a 13% reduction at support level.

3.52 The proposed future state structure for BSS, the Integrated Support Services model, is set out in more detail in Appendix 4.

3.53 In the second stage, process improvement changes will come from the opportunities identified from the activity analysis process and will also include identifying and supporting the business support requirements from the Integrated Joint Board for Health and Social Care.

3.54 In the third stage, the new service model will be operational. This will include considering the opportunities to link up and jointly deliver business support activities to, or receive them from, other public sector providers.

### Citizen and Locality Services (CLS)

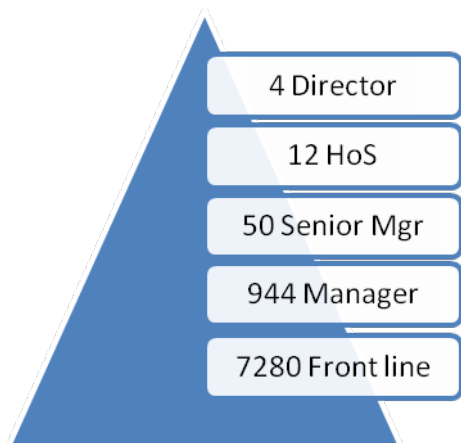
3.55 Currently there is no distinction between locality and city wide services, and a number of Directorates and services within Directorates work on different geographic areas. The ambition is to move to a common, four locality model that balances locality services that can be closer to the communities they serve with city wide services that for scale and risk reasons need to work across Edinburgh.

3.56 The workstream aims to move to the new model through three stages below:

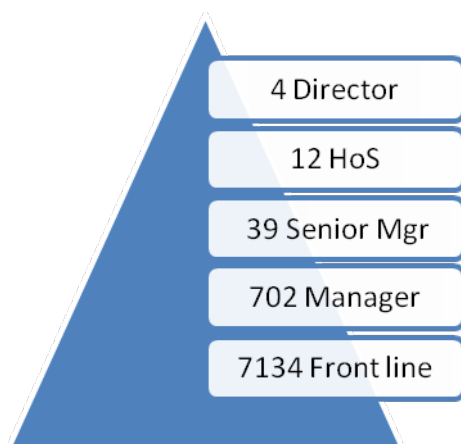
- **Consolidate** teams to the locality/city wide model and delayer management
- **Improve processes** and the integration of services within the Council and with partners
- Fully implement the **locality model**, including budgeting, planning and decision making

3.57 The consolidation phase for CLS will deliver savings through the reduction of management tiers and increased spans of control. It will also mean the removal from current services of customer contact and back office support activity. The estimated impact on the organisation design is shown in the diagram below.

## Current



## Future



Changed from 46 Senior Managers to 39.

- 3.58 This equates to an 22% reduction at senior management level, a 26% reduction at management level and a 2% reduction at front line level.
- 3.59 The proposed model is set out in more detail in Appendix 5.
- 3.60 Process improvement proposals for CLS are being developed through activity analysis and will be taken forward through business cases in 2015/16, to deliver full year savings in 2016/17.
- 3.61 Proposals for the future service model are being developed in parallel with the activity analysis and in line with the work on Health and Social Care integration. The future model – which determines how locality and city wide services will operate in practice – will be developed to ‘go live’ in the 2016/17 financial year and will include:
- Joint planning and budgeting arrangements with partners; and
  - Multi-disciplinary teams with single assessment and decision-making.

### Payments to Third Parties

- 3.62 The scope this workstream is to reduce £10.8 million by 2017/8, from a total of £107 million. Currently these payments are made through one year funding arrangements, with little focus on outcomes, minimal scrutiny by Executive Committees and little co-production with partners.
- 3.63 The aim is to better tie the investment we are making in these areas to the outcomes the Council is seeking to achieve.
- 3.64 Proposed savings reductions for the financial year 2016/17 are being developed by Directorates and are being taken forward under existing governance arrangements.
- 3.65 The changes to how this function works in the future are set out below:
- 3.66 Consolidation - grants and contracts officers are currently managed in different locations across the Council and with different ways of working; the project is exploring co-location all officers in one Grants and Contracts Hub.
- 3.67 Process improvement - grants will be moved to three year agreements rather than annual and tied to new outcomes and focus on prevention and supporting vulnerable people.
- 3.68 Future model - all new contracts will be co produced, agreed by Executive Committees, with refreshed outcomes and providers by April 2018. They will be better linked to neighbourhood delivery and include space for third party consortiums to come forward with bids for contracts.

### Channel Shift

- 3.69 The Channel shift workstream aims to reduce the cost of delivery of a wide range of Council services by shifting the channel used for customer contact to the most efficient and appropriate.
- 3.70 Channel shift is based on the following principles:
- A multi-channel approach to customer contact working from a single view of the customer;
  - Digital services available on any device;
  - One contact centre and one CRM (customer relationship management) system, handling all phone and digital contact;
  - Automated processes, built around digital, but available through other channels.
- 3.71 This workstream is based on a transaction-by-transaction change and has already seen significant benefits in delivering channel shift. To date, over 35,000 citizens have registered for a Mygovscot account and over 1,000 transactions are carried out each week. The new CRM system is now live in the contact centre and all neighbourhood offices.

- 3.72 The Channel Shift workstream has already delivered £355,000 of savings through a reduction of 17 FTE posts in 2015/16. This represents 100% of the Channel Shift savings which were assumed in the 2015/16 budget.
- 3.73 The services which will be targeted in the next financial year include: parking, licensing, public health, planning and building standards, housing, bereavement services, registrars and paperless billing.

Asset Management Strategy

- 3.74 A business case for Asset Management Strategy (AMS) is being developed as an additional workstream for the Transformation programme. This is being developed given the relative size of this function and the inability of the Integrated Property and Facilities Management (iPFM) programme to deliver the required savings which arose from a previous review of these functions.
- 3.75 The impact of failing to address this area is significant. Despite existing savings initiatives, property expenditure will exceed the Affordability Baseline by a total of £124 million throughout a 10 year baseline period set out in the AMS business case, as shown in the table below.

Financial Year		15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
Affordability Baseline	(£M)	49.7	71.2	69.9	71.4	73.2	75.1	77.1	79.1	81.1	83.3
Prop. Expenditure Financial Baseline	(£M)	58.9	80.7	82.0	83.7	85.9	88.1	90.4	92.7	95.1	97.6
<b>Surplus/(Deficit)</b>	<b>(£M)</b>	<b>(9.2)</b>	<b>(9.5)</b>	<b>(12.1)</b>	<b>(12.3)</b>	<b>(12.6)</b>	<b>(13.0)</b>	<b>(13.3)</b>	<b>(13.6)</b>	<b>(14.0)</b>	<b>(14.4)</b>

- 3.76 Further, there are a number of challenges within this area that need to be addressed as a priority.
- 3.77 The Asset Management Strategy covers three main areas:
- Investment portfolio;
  - Estate rationalisation;
  - Asset and Service Delivery Optimisation
- 3.78 Within the estates rationalisation workstream, a number of key challenges have been identified, as follows:
- Implementation of the Future Operating Model will require further restructuring of the estate

- More could be done to make the most of opportunities to identify and deliver disposals and to maximise income generation and disposal receipts
- Although the office accommodation footprint has decreased, the size of the overall estate footprint is increasing rather than decreasing at present
- A large proportion of the estate is in poor condition with an increasing backlog of maintenance

3.79 Within the Investment portfolio workstream, the key challenges are:

- The Investment strategy is not clear and does not provide prioritisation
- The portfolio itself is very diverse compared with most investment portfolios
- The top 50 properties generate 79% of the total portfolio rental income
- A large number of concessionary rental agreements hiding true costs of awarded subsidies.
- Poor management information and outdated software systems

3.80 The key challenges within the facilities management workstream are:

- Annual costs in excess of industry benchmarks with little access to best practice
- Edinburgh Building Services (EBS) Non Housing Service is not demonstrating good level of service or value for money
- Cost data and management information is relatively poor
- Under investment in planned and lifecycle maintenance

3.81 A business case is being developed to identify and rank the options for addressing these areas, ranging from internal service delivery to consideration of an Enterprise-Wide Strategic Partnership.

3.82 The business case will be brought to Finance and Resource Committee in August 2015 following further engagement with the Capital Coalition.

#### Service Prioritisation

3.83 The Transformation Programme alone (as presently constituted) will not deliver the level of savings needed to close the funding gap. Further proposals to a value of at least £20 million in 2016/17, £34 million by 2018/19 and £51 million by 2019/20 must be identified.

3.84 These net savings requirements assume full delivery of all previously approved savings and management of significant current year pressures in both Health and Social Care and Corporate Property.

3.85 Although the Transformation Programme does not at this stage provide a full package of proposals to manage the entirety of the budget gap, it is still

considered essential that the already identified workstreams are progressed whilst proposals are being developed to close the remaining gap. The identified workstreams will deliver a streamlined and consolidated Council and provide a strong foundation for any future savings proposals to build on.

- 3.86 The Corporate Leadership Group has initiated, in consultation with relevant elected members, a service prioritisation-based approach taking account of key public engagement findings, in particular the relative priorities as expressed through the results of the budget planner. Directors have been instructed to develop proposals, capable of full implementation by April 2016, to a total value of £34 million.
- 3.87 These will be brought back to the August Finance and Resource Committee meeting.

#### Implementation Plan

- 3.88 The Transformation Programme has been designed as a single, integrated programme which pulls together all aspects of Council transformation. As such, there needs to be one single, co-ordinated implementation approach.
- 3.89 Delivering the changes safely, while reducing costs in line with the financial strategy each year and delivering the scale of transformation required, will necessitate an incremental approach where we move to the new model in three distinct stages.
- 3.90 Stage 1 is the consolidation phase which runs through the financial year 2015/16. This phase will involve the implementation of tiers 1-4 of the new management structure, with teams being consolidated and moved to the future operating model. The consolidation phase will also see a range of service prioritisation measures brought forward and reductions in payments to third parties.
- 3.91 The second stage will run through financial year 2016/17 and will involve process improvement. This stage will see the implementation of early adopter business cases and the development of further business cases for process improvement and service prioritisation. During this phase, the relationship between frontline and support functions will be strengthened and improved and the correct balance between locality and city-wide services determined.
- 3.92 The final stage is targeted for financial year 2017/18 and will see the full implementation of the new service model, with budgeting and planning arrangements in place and resources strongly focused on delivering outcomes.
- 3.93 The three stages of implementation and a more detailed roadmap for the next 12 months are set out in Appendix 6.

### Implementation Resources

- 3.94 The scale of the Transformation Programme that the Council needs to undertake is considerable. It will require robust and sustainable programme management and transformation capability over the duration of the programme.
- 3.95 To date, the programme has been resourced from a mix of in-house staff, contractors and consultancy support. The aim is to build a sustainable, in-house team that is properly equipped to deliver the Transformation Programme for the Council and reduce reliance on third parties.
- 3.96 The functions within the programme are as follows:
- The core transformation team – containing the SRO, the Programme Director and the Programme Management Office
  - Cross cutting programme roles – containing organisation design and workforce, communications and finance
  - Workstreams teams – channel shift, payments to third parties, community and neighbourhood services, business and support services and asset management.
- 3.97 This transformation core team would provide the leadership, project support and project management, change expertise and corporate project reporting across all major projects. These projects will still need Senior Responsible Officers (SROs), input from Council professional functions such as Finance and the involvement of service and technical expertise specific to the project – which will on a case to case basis, require internal and external resources.
- 3.98 Council is therefore asked to note the proposed implementation plan along with the requirement to build a stronger in-house transformation capability, supported by external resource where appropriate.

### Workforce Transition and Voluntary Release Terms

- 3.99 The size and scale of the transformation programme requires policies and processes which are affordable if the contribution to the £107 million cost savings is to be achieved. It is therefore proposed that the current Voluntary Early Release Arrangements (VERA) and Redundancy Procedures should be reviewed in order to facilitate a cost effective and timely reduction of the workforce, which will contribute to the overall savings required.
- 3.100 To help achieve the strategic objectives of the Council, the proposed policy has been developed around some guiding principles; it should create an incentive for employees to exit at the earliest stage if desired, therefore a time restricted and attractive package should be the first offer. The terms should then gradually reduce to encourage an earlier exit, thus saving costs on the salary bill. In line with some other Scottish Councils, those with access to pension would receive reduced terms, in order that there is no windfall, assisting financial viability. Equally, those on the lowest wages could benefit from a slightly improved and



affordable minimum payment (still to be determined on potential costings but likely to be circa £5,000).

- 3.101 The proposed changes include the provision of a Career Transition Service, which recognises the level of support individuals will need. The changes will enable people to make individual choices for the future within a timeframe which is cost viable.
- 3.102 The current terms and proposed future terms for VERA and Voluntary Redundancy (VR) are set out in Appendix 7.
- 3.103 As a responsible employer the Council is also making plans to introduce a Career Transition Service (CTS) to support employees. The aim of the CTS is to ensure that employees, through the service reorganisation, make the most appropriate choices for their future. People will have different aspirations and choices to make in line with their personal circumstances. The CTS will support people into new roles, with setting up a business, into further education, into retirement or on to other arrangements following a full consultative process around their personal aspirations.
- 3.104 The CTS will be managed by the Council and delivered in partnership with an external provider, which has extensive expertise in supporting out-placed employees. It is proposed that the CTS will be based in a purpose designed centre, which will provide access to a full range of support facilities including computers, telephones, printers, training and one to one support to help employees consider their options for the future. The approach aims to provide a positive step towards equipping employees for transition. The sensitive nature of career transition means that presentation and communication of the process and activities will require careful and effective stakeholder management.
- 3.105 The proposed terms identified in this paper should enable a smooth transition of employees within a reasonable timeframe, which is cost effective.
- 3.106 Council is therefore asked to approve the commencement of consultation on the revised terms outlined above.

## Measures of success

---

- 4.1 The business cases have identified significant financial and non-financial benefits associated with the overall transformation programme.
- 4.2 The PMO will develop a clear financial and non-financial benefits framework and this will form the basis of bi-monthly reporting to the Finance and Resources Committee.

## Financial impact

---

- 5.1 £34 million of additional recurring savings are being targeted through the Council's Transformation Programme over the period to 2019/20, including £11 million to be delivered in 2016/17. Work is ongoing to further develop proposals and update business cases and options will be presented in line with budget engagement timescales in August.

## Risk, policy, compliance and governance impact

---

- 6.1 A risk register has been developed as part of the PMO and is reported monthly to the programme board and bi-monthly to Finance and Resource Committee.

## Equalities impact

---

- 7.1 The recommendations described within this report are relevant to the Equality Act 2010 public sector equality duty. As such, all business cases have been subject to an equalities and rights impact assessment. In summary, these assessments indicate that the proposed move to a four area locality model will provide new opportunities to strengthen partnership activity and public services to improve rights related to safety, health, education, standard of living and the environment. The ERIA will be ongoing for the duration of the delivery of the projects with appropriate advice from equality and rights advisors. This will ensure:
- 7.2 New locality management arrangements and local community engagement arrangements take cognisance of the needs of equalities communities of interest in addition to communities of place
- 7.3 New grant and contract programmes are designed to ensure the protection of the most vulnerable communities, families and individuals to maintain equality of opportunity.
- 7.4 Face to face contact and other contact channels are maintained for individuals, families and groups that have difficulties when accessing new or IT based channels.

## Sustainability impact

---

- 8.1 The recommendations of this report have been assessed in line with the public bodies duties described within the Climate Change Scotland Act (2009). In summary, a move to enhanced locality working will provide for new opportunities to strengthen the Councils work to mitigate against climate change, adapt to climate change and act in a more sustainable manner.

## Consultation and engagement

---

- 9.1 The Council transformation programme has engaged with staff using a number of methods, including drop-in sessions, workshops, a dedicated e-mail address, ORB page, blog and communications updates.
- 9.2 A comprehensive customer and employee engagement plan will be developed for each of the workstreams with a dedicated overarching change plan, involving staff, elected members, partners and trade unions.

## Background reading/external references

---

### Alastair Maclean

Director of Corporate Governance

Contact: Jim McIntyre, Programme Director

E-mail: [jim.mcintyre@edinburgh.gov.uk](mailto:jim.mcintyre@edinburgh.gov.uk) | Tel: 0131 469 3006

## Links

---

<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>	Appendix 1 – Scope of Transformation Programme Appendix 2 - Summary View of Operating Model Appendix 3 – Operating Model Corporate Structure Appendix 4 – Business and Support Services Structure Appendix 5 – Citizen & Neighbourhood Services Structure Appendix 6 – Implementation Plan Appendix 7 – Proposed Voluntary Severance Scheme

# TRANSFORMATION PROGRAMME

**The City of Edinburgh Council**

**25 June 2015**

**Appendix One**

# Transforming Council

**The Transformation Programme covers a wide range of projects under one overall change agenda to maintain a consistent approach.**

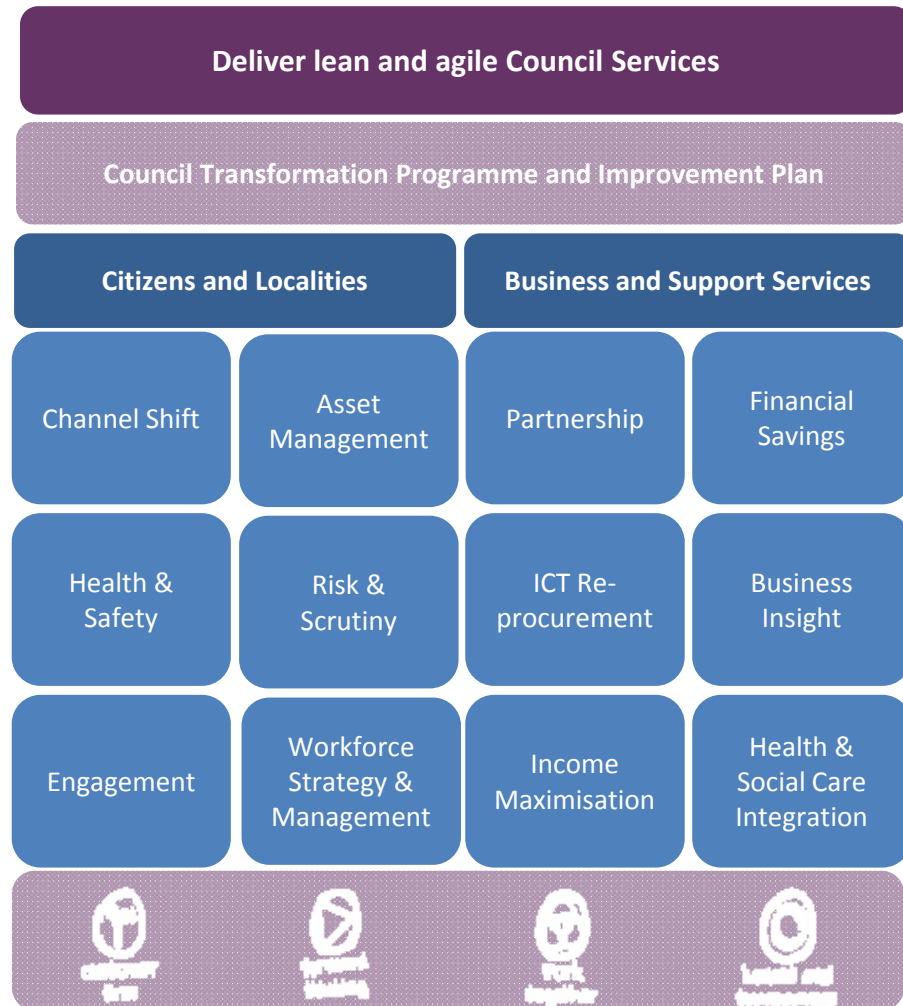
A core priority for the Council during 2015-18 is the delivery of transformational change across the organisation. This is a programme of change aimed at building an organisation centred on customers, services and communities.

The **Council Transformation Programme** sets out an integrated programme of projects pulling together all aspects of transformation.

The plan comprises two core projects, supported by a number of cross-cutting workstreams.

- **Citizens and Localities:** This project will deliver a new operating model for the Council in which services have an enhanced focus on local communities. The project will improve local control over services and priorities, reduce bureaucracy and deliver more resources to the frontline.
- **Business and Support Services:** This project will deliver a new model for the provision of central support for Council services. The project will provide a strong strategic centre to support frontline delivery, streamline processes and help move towards a 'right first time', customer focussed approach.

These projects are supported by a range of initiatives aimed at improving customer outcomes and providing best value for money. To bring these together into one view of the future Council, the Future Operating Model has been produced.



# TRANSFORMATION PROGRAMME

**The City of Edinburgh Council**

**25 June 2015**

**Appendix Two**

# TRANSFORMATION PROGRAMME

## CEC Future Operating Model

Improve quality of life

Ensure economic vitality

Build excellent places

Deliver lean and agile Council services



**Citizens, businesses, parents and pupils, visitors, commuters**

### Customer and Community Contact

Bringing together the first point of contact from our customers, supporting increased use of digital channels, providing first time resolution.

Signposting, triage and referrals onwards to services where needed

**Localities** Four geographic areas where resources that directly support communities are organised and joined up around the citizen

**City-wide** Services where it is not appropriate to split the resource into four localities but where the service provided is 'shaped' based on understanding locality priorities and needs

### Business Services

Bringing together all support activity to one consistent *service, reducing duplication and allowing more flexibility. As with our customer services, supporting staff to be more independent and 'self-serve' and bring driven by customer need.*

**Information**

(including business intelligence, analytics and insight)

Values

Honest and Transparent



Work together



Customer first



Forward thinking



# TRANSFORMATION PROGRAMME

**The City of Edinburgh Council**

**25 June 2015**

**Appendix Three**





# TRANSFORMATION PROGRAMME

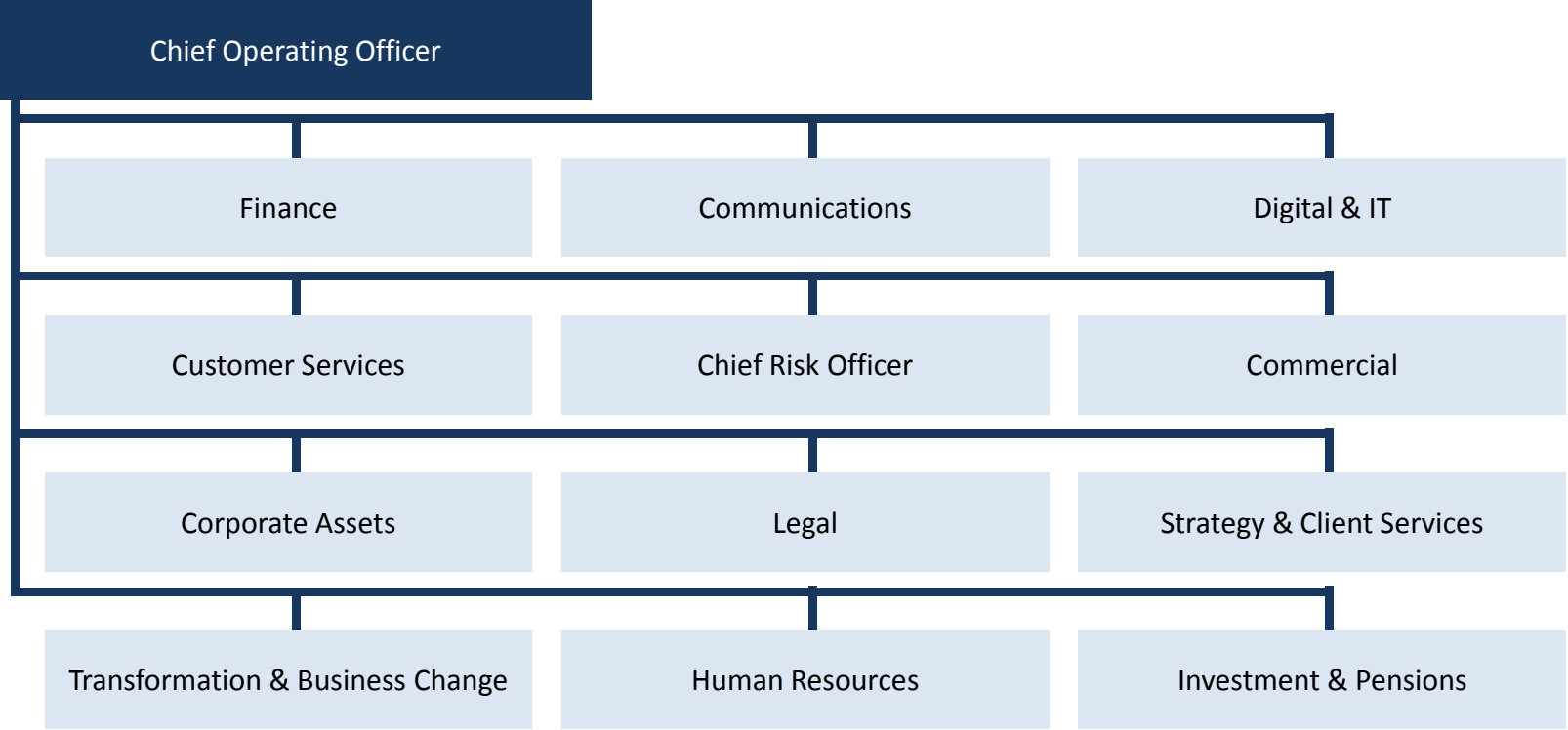
**The City of Edinburgh Council**

**25 June 2015**

**Appendix Four**

# TRANSFORMATION PROGRAMME

## Business and Support Services

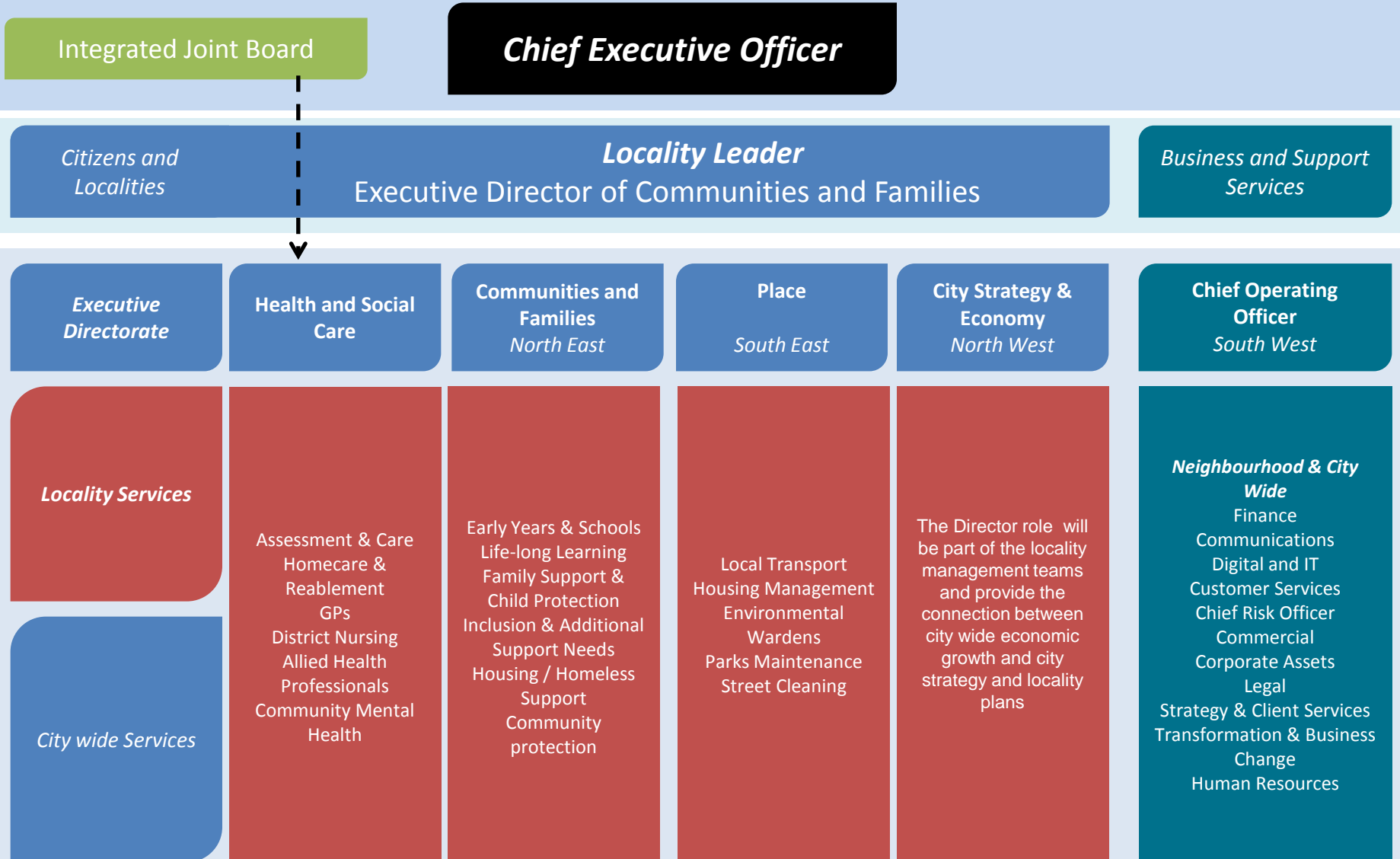


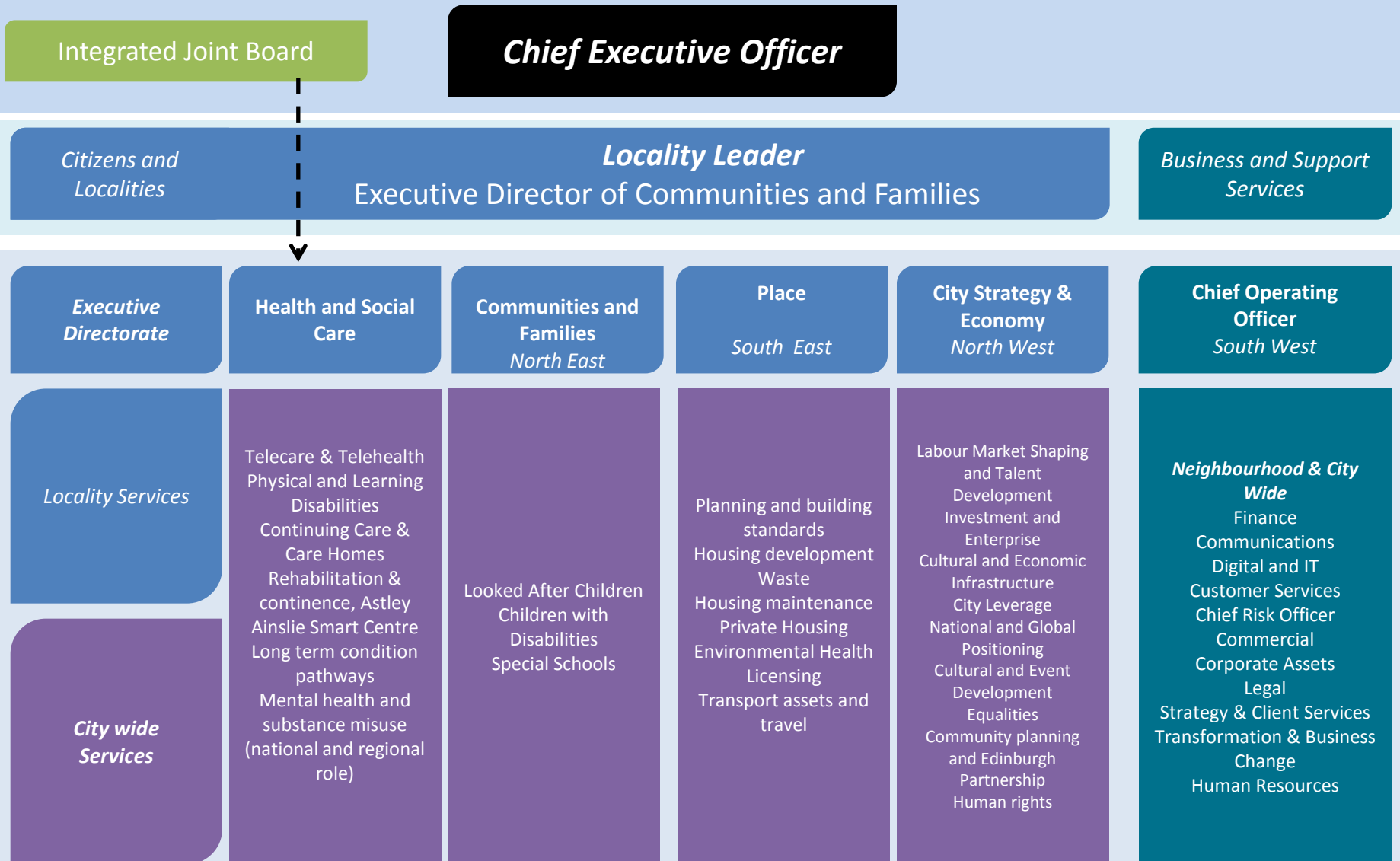
# TRANSFORMATION PROGRAMME

**The City of Edinburgh Council**

**25 June 2015**

**Appendix Five**





# TRANSFORMATION PROGRAMME

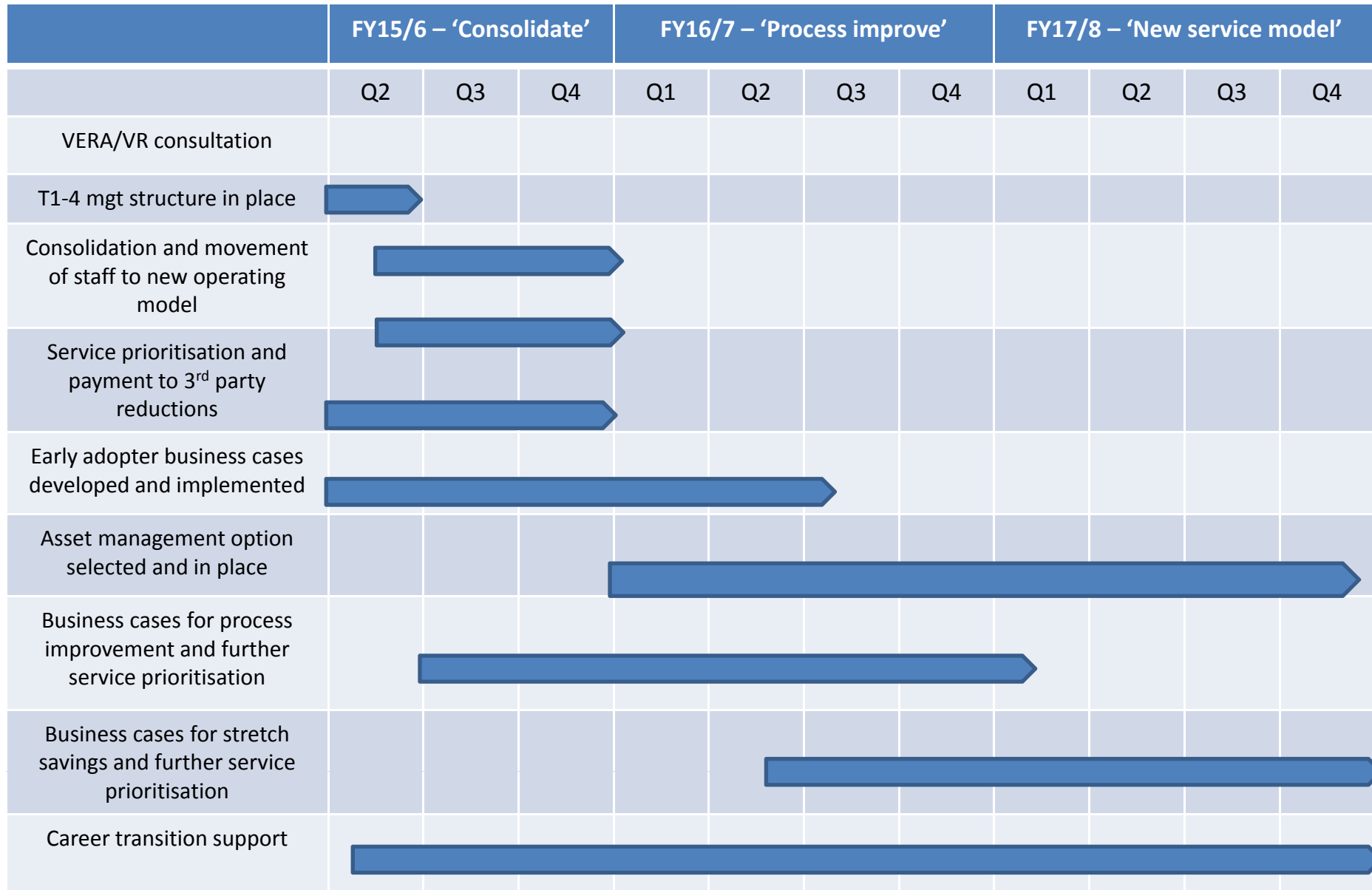
**The City of Edinburgh Council**

**25 June 2015**

**Appendix Six**

# TRANSFORMATION PROGRAMME

## IMPLEMENTATION PLAN

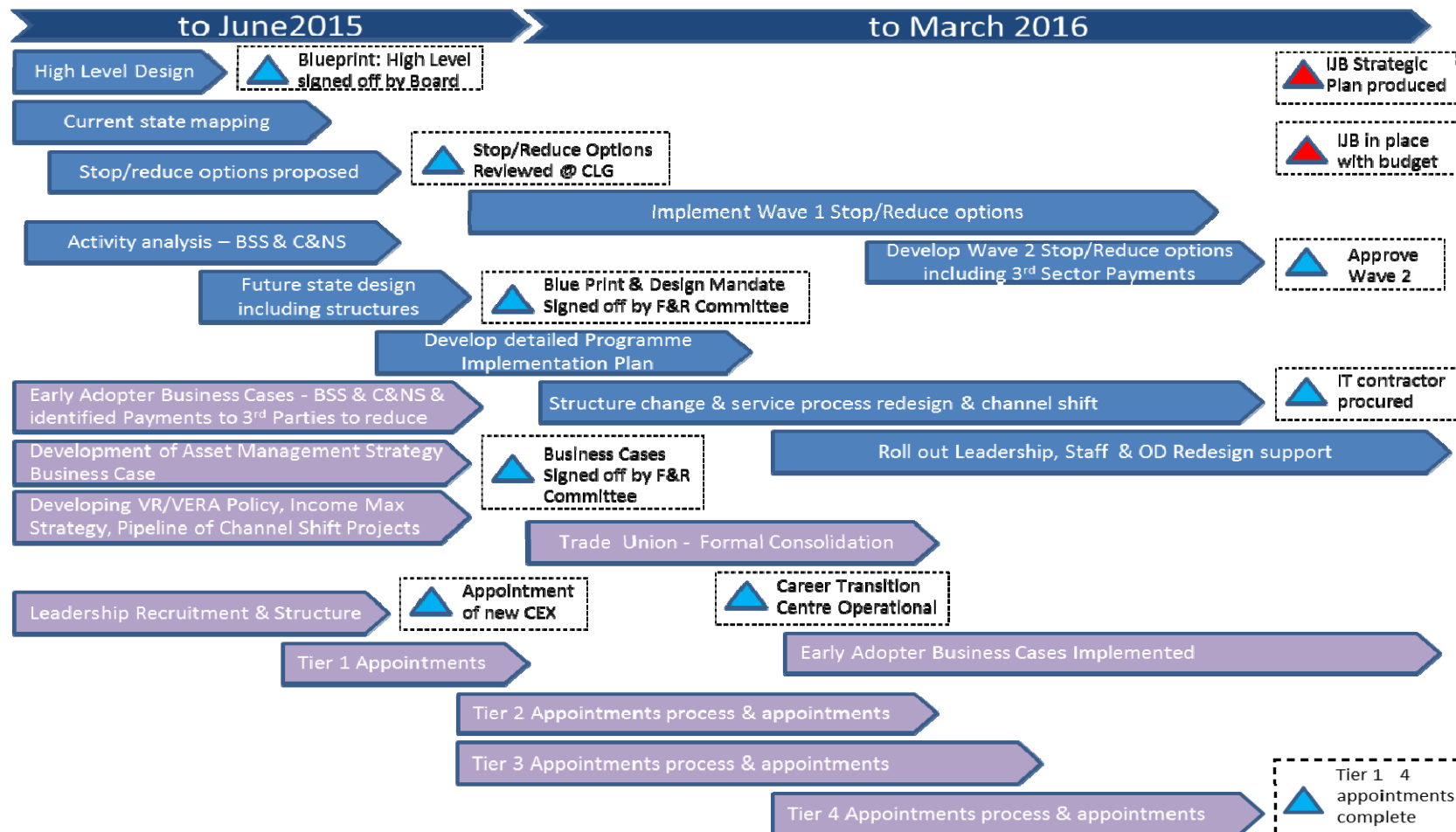




# TRANSFORMATION PROGRAMME

# ROADMAP FOR NEXT 12 MONTHS

**Key:** Workstream activity Programme activity Milestone External milestone



# TRANSFORMATION PROGRAMME

**The City of Edinburgh Council**

**25 June 2015**

**Appendix Seven**

## Current Voluntary Release Terms

### Statutory Redundancy Terms

- An employee who is redundant and has at least 2 years' continuous local government service will be eligible for a redundancy payment
- The statutory redundancy payment is calculated on the basis of age and completed years of service (up to a maximum of 20 years)
- half a week's pay for each full year you were under 22
- one week's pay for each full year you were 22 or older, but under 41
- one and half week's pay for each full year you were 41 or older
- Pay is capped at £475
- The maximum amount of statutory redundancy pay is £14,250.

Stage	Current Procedure	Enhanced Terms
Can be offered to whole of or targeted areas at any time prior to organisational review procedure	VERA	<ul style="list-style-type: none"> <li>• Exit package of no. of years completed service x weekly salary x 1.5</li> <li>• Subject to maximum 30 years service (45 weeks pay)</li> <li>• Subject to a cap of £30k</li> <li>• Subject to cost savings test and manager discretion</li> </ul>
Any time from commencement of organisation review	VR	<ul style="list-style-type: none"> <li>• Statutory number of weeks x actual salary x 2.2</li> <li>• Subject to a cap of 66 weeks pay</li> <li>• Subject to cost savings test and manager discretion</li> <li>• If redundancy terms not accepted and with a no compulsory redundancy pledge, employees would enter redeployment</li> <li>• The Council continues to pay salary for the staff member whose role has disappeared and the Directorate accrues this cost as a pressure</li> </ul>

# Proposed Voluntary Severance Scheme

Stage		Proposed Enhanced Terms
One	Can be offered to whole of or targeted areas at any time prior to organisational review procedure	<p>Available for any period prior to Organisational Review</p> <ul style="list-style-type: none"> <li>• Use statutory redundancy payment as the base line for enhancements to be applied and continue to use actual weeks salary</li> <li>• For those without access to pension, employee's actual weeks salary will be multiplied by a factor of 2.0</li> <li>• For those with immediate access to pension, employee's actual weeks pay will be used with no multiplier</li> <li>• A time limit will be introduced by which an employee can accept the offer and exit the organisation</li> <li>• The cost savings test will remain in place</li> </ul>
Two	Commencement of - Organisational Review Process, Consultation and Career Transition	<p>First offer - available for first 4 weeks</p> <ul style="list-style-type: none"> <li>• Where employee has no Access to Pension; employee's actual weeks salary will be multiplied by a factor of 2.2</li> <li>• Immediate access to pension; employee's actual weeks pay will be used with no multiplier</li> <li>• Introduce a minimum redundancy payment</li> </ul> <p>Second offer - available for remaining 8 weeks</p> <ul style="list-style-type: none"> <li>• Where employee has no access to pension; employee's actual weeks salary will be multiplied by a factor of 1.5</li> <li>• Where employee has Immediate access to pension; 0.75 of employee's actual weeks pay will be used</li> </ul>
Three	Redeployment options exhausted and no previous offer accepted	<ul style="list-style-type: none"> <li>• Case referred to Executive Director for consideration for redundancy on minimum statutory terms (maximum of 30 weeks pay capped at £14,250)</li> <li>• Length of service is capped at 20 years and weekly pay is capped at £475. The maximum amount of statutory redundancy pay is £14,250.</li> </ul>

10.00 am, Thursday, 25 June 2015

## Edinburgh Tram Extension Draft Outline Business Case Preliminary Findings

Item number	8.3
Report number	
Executive/routine	
Wards	11 – City Centre and Leith

### Executive summary

---

The City of Edinburgh Council Approved the recommendations presented in the report 'Future Investment in Public Transport - Potential Tram Extensions' on 11 December 2014. This authorised the preparation of an Outline Business Case (OBC) to assess options to extend the current tram line north, into Leith.

Significant progress has been made in developing the OBC and this report sets out the preliminary findings of the work done to date. Further analysis is required however in relation to project cashflows, funding options and the emerging procurement strategy and the report sets out the next steps required prior to any decision being taken on how to progress with any extension of the tram from York Place.

### Links

---

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>

## Edinburgh Tram Extension – Outline Business Case

### Recommendations

---

- 1.1 It is recommended that the Council:
  - 1.1.1 notes the findings of this report and the emerging conclusions in the draft Outline Business Case;
  - 1.1.2 notes the further work that needs to be carried out in finalising the Outline Business Case including, a formal market consultation, testing and auditing of the financial model and an investigation of alternative funding options;
  - 1.1.3 notes that the work required above in finalising the Outline Business Case can be delivered within the budget allocated by Council in December 2014; and
  - 1.1.4 agrees to receive a further report on the finalised Outline Business Case in autumn 2015.

### Background

---

- 2.1 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. Tram passenger services commenced on 31 May 2014, and in the first year of passenger operations, patronage numbers have been in line with business case expectations.
- 2.2 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.
- 2.3 The principle of extending the tram network north to Leith aligns with Council policy from a planning, transport and economic development perspective. The commitment to do so and the implications of starting this process need to be fully scrutinised and understood.

2.4 On 11 December 2014, the Council approved the recommendations presented in the report 'Future Investment in Public Transport – Potential Tram Extension', which were that the Council:

- noted 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;
- noted against this background and context that it may be appropriate at this time to consider the implications of extensions to the current Edinburgh Tram system and further integration opportunities with other public transport companies, including bus and rail operators;
- noted the expiry dates associated with certain powers as set out in the Edinburgh Tram (Line One) and (Line Two) Acts (2006); and
- acknowledged 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.

2.5 The Council authorised officers to prepare a detailed assessment into the economic, financial, business case, procurement and programme implications of extending the tram network. This report sets out the preliminary findings of the Outline Business Case (OBC) incorporating these requirements for options to extend the existing tram line within the powers available to the Council under the Edinburgh Tram (Line One) Act 2006.

2.6 There are four options considered in the draft OBC and reflected in this report, these are to extend the tram line from York Place to:

**Option 1** – Newhaven;

**Option 2** – Ocean Terminal;

**Option 3** – Foot of the Walk; and

**Option 4** – MacDonald Road.

2.7 The draft OBC takes cognisance of lessons learned from the previous tram planning and construction phases, and covers the following scope:

- Establish and incorporate 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 Transport For Edinburgh (TfE);
- Update the TfE business plan for additional patronage and revenues against increased operating costs for each option;

- 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;
  - 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 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 delivery strategy.
- 2.8 Against the background of the Edinburgh Trams Inquiry, and in line with the recommendations of the December 2014 Council decision, the work to develop the OBC was overseen by the all party Future Transport Working Group (approved at the Transport and Environment Committee on 28 October 2014), in conjunction with an officer led Project Board to monitor progress and the approved project budget.

## **Main report**

---

### **Availability of Parliamentary Powers and Land Assembly**

- 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 Roseburn delta.
- 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 construction element of the original 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 the operator, Edinburgh Trams Ltd (Edinburgh Trams) to run the service.



- 3.4 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

- 3.5 Under the provisions of the Edinburgh Tram (Line One) Act, the Council has already acquired, or has agreements in place to acquire sufficient land to deliver each of the four options under consideration in the OBC.
- 3.6 The Council has not exercised its compulsory purchase powers to acquire land between Roseburn Delta to Granton or between Granton and Newhaven. The powers to use these powers expire on 7 May 2016.
- 3.7 Of the 163 plots of land identified in the Edinburgh Tram (Line One) Act for Phase 1b (Roseburn to Granton), 116 of these are already under Council ownership; and compensation would be payable for the remaining 47 plots of land.
- 3.8 The last valuation undertaken for the balance of land required to deliver Phase 1b was undertaken by the Valuation Office Agency in 2007 at the height of the property market, and prior to the 2008 economic downturn.
- 3.9 Should the Council agree that the land required to deliver Phase 1b be safeguarded before the powers to acquire land under the Tram Act expire, then an updated valuation would be required to reflect current market conditions, and the appropriate budget allocation identified. The OBC will set out the process for invoking any future CPOs and will make recommendations with regards to this.

### **Transport and Economics**

- 3.10 The purpose of this section is to set out the economic performance of the extension options.
- 3.11 This is based on an economic appraisal of the options, conducted in line with Scottish Transport Appraisal Guidance (STAG). This includes a high-level assessment of each option against key STAG criteria, including the wider economic and spatial planning objectives that the tram can support.

- 3.12 The transport modelling process is based on a detailed representation of the transport network in Edinburgh and on the pattern of travel demand. There are separate models for the morning peak period and inter-peak period, which reflect the different levels of demand and service levels in each period.
- 3.13 A calibration and validation exercise has been undertaken, and this ostensibly ensures that the models replicate actual/observed patterns of movement within a given tolerance, which is set by STAG and related Government transport modelling guidance.
- 3.14 Additional confidence in the forecasts is provided by the fact that the models accurately reflect the current observed levels of tram patronage and also accurately reflect the size of the overall bus market in Edinburgh.
- 3.15 A forecasting and economic analysis for each of the extension options has been undertaken, this is based on the established suite of transport models and analysis used since the original appraisal work for the Edinburgh Tram system reported on during the late 2000's. The output from the models used in this appraisal have accurately forecast demand for the current route, thus indicating a robust level of confidence in the process, which as in previous reporting, has been independently audited by Atkins.
- 3.16 The current model has been upgraded to reflect the current transport network in Edinburgh and has been updated to reflect the latest key planning assumptions. The model suite is tried and tested, and has successfully undergone several audits through its development, and is deemed entirely fit-for-purpose for the comparative assessment of options.
- 3.17 The future modelled forecast year is 2027, which reflects the current planning horizon and employment/population assumptions.
- 3.18 The forecast demand for the current tram route (in 2014 and 2027) and for the extension options (2027 only) are presented in Table 2 below:

**Table 2: Patronage Estimates**

<b>Year / option</b>	<b>Existing Route demand (m trips p.a.)</b>	<b>Total system demand</b>	<b>Incremental Demand (m trips p.a.)</b>
2014 - Existing Route	5.8	n/a	n/a
2027 - Existing Route	10.0	n/a	n/a
2027 – Newhaven	n/a	18.7	8.7
2027 – Ocean Terminal	n/a	17.7	7.7
2027 – Foot of the Walk	n/a	13.6	3.5
2027 – MacDonald Road	n/a	10.7	0.7

- 3.19 The annual modelled existing route demand is 5.8m per annum. The model makes no allowance for 'build up' – this is the time taken by people to respond to a new project or service. Actual demand on Phase 1 is running at an annual equivalent of around 5m trips per annum, or about 85% of the 'full' modelled level. This implied level of build-up is consistent with that observed on other UK tram schemes.
- 3.20 Annual modelled existing route demand is forecast to increase to 10.0m trips per annum by 2027. This reflects the significant planned growth on the existing corridor at West Edinburgh, Edinburgh Park and the City Centre, as well as the assumed increase in tram frequency from 8 and 6 trams per hour in the peak and off-peak in 2014, to 10 and 8 trams per hour respectively by 2027.
- 3.21 The Newhaven option is forecast to generate an additional 8.7 million passengers per annum by 2027, almost doubling the projected patronage for the existing line over the same timeframe.
- 3.22 The economic appraisal is based on an assessment of the discounted cash flows of all monetary (costs and revenues) and non-monetary (benefits) impacts that are required to build and operate the scheme, and the benefits that flow from its operation.
- 3.23 The capital costs set out below have been used in this assessment, and are presented in out-turn (cash) prices.
- 3.24 Lifecycle costs and tram operating costs and bus operating cost savings that result from the changes to bus service provision have also been included in the appraisal.
- 3.25 Lifecycle and operating costs have been prepared in current (2015) prices, and it has been assumed that costs will increase by 1% per annum in real terms through the appraisal period, which is 60 years.
- 3.26 The economic appraisal for the extension options has been prepared in line with Scottish Transport Appraisal Guidance (STAG). The appraisal considers the flows of monetised discounted costs and benefits over the appraisal period, and compares these to provide economic performance metrics including the Benefit to Cost Ratio (BCR) for each option under consideration.
- 3.27 The key findings of the economic appraisal are as follows:
- Option 1 (Newhaven), Option 2 (Ocean Terminal) and Option 3 (Foot of the Walk) all show a positive BCR above 1:1.
  - The MacDonald Road option (Option 4) only achieves a BCR of 0.56:1, and its performance is significantly worse than the other options. This is due to the fact that overall public transport benefits are around one-tenth of the level of those for Newhaven, whereas costs are over one-quarter of the Newhaven costs.

- The BCR for Newhaven and Ocean Terminal (1.52 and 1.63 respectively) indicates a better value for money for these options compared to the Foot of the Walk (1.29).
  - The Newhaven and Ocean Terminal options significantly out-perform the option to Foot of the Walk in terms of both the absolute level of benefits delivered (£382m for Newhaven compared to £156m for Foot of the Walk), and the net benefits (benefits minus costs) where Newhaven and Ocean Terminal deliver a Net Present Value of benefits of around £130m compared with £35m for the Foot of the Walk option.
- 3.28 The additional benefits (and net benefits) of the Newhaven and Ocean Terminal options reflect the greater level of enhancement they provide to public transport users, and provide a good proxy for the wider transport planning objective they deliver in terms of supporting the growth of major development opportunities in Leith and greater potential for delivering an integrated public transport network, including a greater rationalisation of the bus network than is possible for other options.
- 3.29 All options with the exception of the MacDonald Road option have positive BCRs, each representing a value for money economic case.
- 3.30 The MacDonald Road option has a BCR of 0.56, which indicates that the costs outweigh the benefits accrued and thus does not meet the value for money test.
- 3.31 There are potentially significant wider benefits associated with extending the tram line into North Edinburgh and supporting the overall level of economic growth of the city through enhancing the viability and attractiveness of major housing and employment sites identified in the local development plan. The tram extensions can help support a level of economic activity (jobs, new development, and housing) at a greater level than would otherwise be the case. These wider (non monetised benefits) will be presented in full as part of the OBC.

### **Outline Construction Delivery Plan**

- 3.32 A detailed Construction Delivery Plan “CDP” has been drafted to support the draft OBC.
- 3.33 A review of the existing design has been carried out and it was determined that this was sufficiently detailed to generally be adopted for the OBC. The CDP notes some areas of the design which will require further development at the next stage of the project. Technical issues that did require additional work in developing the draft OBC included the termination points at MacDonald Road, Foot of the Walk and Ocean Terminal, the interface with the Leith Programme, drainage in the Forth Ports area, the interface with the Edinburgh St James development and the reconfiguration of the London Road Junction.

3.34 Based on lessons learned from the construction of the first phase of tram the CDP assumes the following:

- Traffic management will be deployed which facilitates opening up large sections of the work site at any one time. This will require significant traffic management planning over a large geographic area to accommodate diversion routes and changes to junction operations;
- Recognising the importance of access to local businesses and residents impacted by the works it has been assumed that a detailed logistics and access plan will be developed, in consultation with key stakeholders, prior to any works going to tender;
- A continuous approach to construction will be deployed, wherever possible, whereby the diversion of utilities and the installation of the tramway are combined avoiding the need to excavate twice thus minimising disruption, minimising cost and speeding up the construction process;
- The costs of all works necessary at Picardy Place, including the reconfiguration of the existing Picardy Place roundabout, have been included in the draft OBC. The location of the Stop at Picardy Place has been agreed with the Edinburgh St James development team and is consistent with any future development of the site; and
- The tram design along the length of Leith Walk has been agreed in principle and is consistent with the Leith Programme. It has been agreed that there will be two running lanes in each direction along Leith Walk with the central lane in each direction dedicated to public transport. The inside running lanes will be free from loading and parking at peak times although it has been agreed that off peak loading and parking will be permitted.

3.35 A desktop exercise has identified a number of potential conflicts with utilities and other below ground assets over the full route from York Place to Newhaven. Conflicts include miscellaneous utilities, archaeology and underground structures including basements. The number of potential conflicts between York Place and Foot of the Walk are in the same order of magnitude as those dealt with on the on-street section of tram following mediation and reflect the fact that a significant number of major utilities were diverted under the original tram enabling works (MUDFA) contract. Of the 1200 or so identified, 44% are considered high likelihood requiring action, 33% are deemed medium likelihood and 23% are classified as low which may not require further action.

3.36 The desktop exercise has been verified in part by ground information provided by the Leith Programme although there is a requirement to verify the data prior to construction commencing with a programme of ground investigation, the cost of doing this is included in the capital cost estimate.

- 3.37 As part of the construction works associated with the extension of the tram to Newhaven, there are a number of heritage items that need to be considered. There are four monuments within public realm spaces which conflict with the tram construction path. Three of these will have to be relocated and one can be protected.
- 3.38 There are some advanced archaeological works to be carried out as advanced works packages, particularly along Constitution Street.
- 3.39 During the construction, testing and commissioning of the extension there will be a requirement to terminate services at West End Princes Street tram stop to carry out certain critical activities. This curtailment of passenger service however can be kept to a minimum and it is anticipated this would involve some disruption over a non-continuous 7 day period. Alternatives have also been considered including night time and weekend working and this will be investigated further at the next stage of project development.
- 3.40 Programme durations for all four options are set out in the CDP and are considered conservative at this stage. These durations will be tested as part of the Market Consultation which is recommended takes place prior to the OBC being submitted to Council.
- 3.41 A key lesson learned from the first phase of tram related to the project governance and contract management structures. The draft OBC sets out specific requirements in relation to governance based on lessons learned from Phase 1.

### **Capital Cost and Risk**

- 3.42 The capital cost estimate is based on the current design, incorporating efficiencies identified during the construction of the current line, and is considered to deliver a cost effective transport solution to Leith.
- 3.43 The cost plan has been prepared by Turner & Townsend and independently audited by Faithful & Gould and is considered robust at this stage of project development.

3.44 The Capital Cost estimate for the construction of the four options, including risk, is shown in the Table 3 below:

**Table 3 – Capital Cost Estimates**

<b>Description</b>	<b>Option 1 – York Place to Newhaven</b>	<b>Option 2 – York Place to Ocean Terminal</b>	<b>Option 3 – York Place Foot of the Walk</b>	<b>Option 4 – York Place to MacDonald Road</b>
Length (km)	4.7	3.9	1.9	0.8
Estimate at Q15 prices (£m)	130.4	114.1	70.9	42.6
Inflation (£m)	14.3	12.5	7.8	4.7
<b>Outturn Estimate (£m)</b>	<b>144.7</b>	<b>126.6</b>	<b>78.7</b>	<b>47.3</b>
Cost per km	30.9	32.8	40.6	62.2

3.45 The capital cost estimate has generally been based on the design developed during Phase 1 of the works. However, based on the experience of the original tram project a number of assumptions which vary the base design have been incorporated. Some key assumptions include:

- Road reconstruction will be kept to a minimum;
- Footway reconstruction is generally excluded other than certain specific areas where it is unavoidable and does not form part of the Leith Programme;
- Public realm improvements, notably at Picardy Place, are not included (remodelling the Picardy place junction has however been allowed for); and
- Revised arrangements at Ocean Terminal.

3.46 Risks have been identified in a technical workshop in accordance with good practice. Mitigations were considered for identified risks and the residual risk was evaluated by severity and impact should they occur. A risk allowance, based on the above work, has been included in the capital cost estimates. The risk register will continue to be maintained as a live document throughout the life of the project and used to identify and mitigate, as far as is practicable, the principle threats to the successful delivery of the project.

3.47 The risk register also picks up a number of opportunities which have potential benefits to the project. These opportunities will be managed in the same way that risks are.

3.48 Further market testing, beginning with the Market Consultation referred to above, will be built into future stages of the project development to provide comfort that the scheme can be delivered within the cost parameters established during this stage.

### **Procurement Strategy**

3.49 In bringing forward the tram extension there is a requirement to assess the possible procurement options available to the Council. The draft OBC sets out the objectives for any future procurement strategy, evaluates the options available and assesses the key issues that will affect the structure of any procurement. The draft OBC assumes that the existing operating contract with Edinburgh Trams remains in place and a short commentary is provided in relation to the existing Infrastructure Maintenance contract with Infracore.

3.50 In broad terms two procurement models have been considered in developing the outline procurement strategy for the extension. While there are a number of ways each model can be implemented a decision is required at a strategic level regarding the most appropriate model prior to discussing the challenges of implementation, these are:

- Client Design, and
- Design and Build.

3.51 These two strategic models for delivery have been assessed and the draft OBC currently recommends that the Council adopts a Design and Build model for the tram extension. Adopting a Client Design model would import an unnecessarily high risk to the Council in relation to technical compatibility and systems integration.

3.52 The emerging strategy also concludes that the Council includes electrical and mechanical design and systems integration in the Design and Build contract. Any alternative runs a significant risk of procurement challenge.

3.53 The emerging strategy is sufficiently flexible to include for future maintenance although key decisions would need to be taken early if it were to be included within the scope of the extensions procurement.

3.54 Given the history of tram in Edinburgh, market appetite will need to be tested. It is therefore recommended that a formal Market Consultation exercise is carried out by the Council prior to finalising the procurement strategy for the OBC in autumn 2015.

3.55 As identified in the Construction Delivery Plan there is a requirement to procure advanced packages of work ahead of the main tram works. These are option dependant and include the demolition and reconstruction of the Constitution Street Church wall, archaeological investigations and further ground investigation to support the emerging contracting strategy. The OBC will make recommendations in relation to these advanced packages of work.



## Finance

- 3.56 In order to assess whether a tram extension is affordable a detailed financial model, which models Council and Transport for Edinburgh (TfE) cashflows, has been developed, building on the capital and lifecycle cost estimates and revenues derived from the demand forecasting. The modelling is further refined by using actual costs and revenue data provided by TfE.
- 3.57 The financial model covers the period 2015 to 2051 and takes account of inflation forecasts from the Office for Budget Responsibility and current tax rates.
- 3.58 The model provides annual cashflow forecasts for the TfE group, and it incorporates bus and tram data for all four extension scenarios plus a no extension scenario. The model also details the impact on the Council for each of the scenarios considered.
- 3.59 In order to extend the tram the Council needs to find capital funding up to £144.7m, depending on the option chosen. A range of capital funding options are being considered to meet the cost of the extension, these include prudential borrowing; Government grants; developer contributions, private sector funding, City Deal, and other innovative funding structures.
- 3.60 The Scottish Government has indicated in the past that no government funding will be made available and further work is required to determine the viability of private sector or other funding structures, the modelling has been based on prudential borrowing and potential developers contributions at this stage. The model indicates that there is an initial affordability gap in all options, as revenues are insufficient to cover the borrowing costs during the construction period and in the early years of operations.
- 3.61 However, as tram passenger numbers increase, the model forecasts that the Council would derive financial benefit from extensions to Newhaven, Ocean Terminal and the Foot of the Walk in the medium to longer term.
- 3.67 The modelling is based on a large number of assumptions. There are risks in relying on any financial model, particularly one covering a such a long time period and with multimillion pound costs and income streams. Initial sensitivity analysis shows that the financial position is particularly sensitive to capital costs and passenger numbers. Changes to modelling assumptions in these areas could impact on the projected funding gap.
- 3.68 The initial financial analysis, therefore, supports the following conclusions:
- In the short-term an extension to the tram places a financial burden on the Council; and
  - Over the longer-term an extension may be financially viable.
- 3.69 However further work is required to consider alternative funding options and to test the assumptions and logical integrity of the financial model, by way of an independent audit.

## **Preliminary Conclusions and Way Forward**

- 3.70 The work undertaken in developing the Outline Business Case has confirmed that there is a positive economic case for the Newhaven, Ocean Terminal and Foot of the Walk Options and that the MacDonald Road Option, is not economically viable.
- 3.71 Significant increases in tram patronage are forecast for the Newhaven, Ocean Terminal and Foot of the Walk options, this against the background of a growing public transport market in Edinburgh. The forecasting work and construction/lifecycle costs have been independently audited and found to be fit for purpose.
- 3.72 Prior to finalising the OBC it is recommended that a formal market consultation is undertaken to verify the recommended procurement strategy and to test the market appetite for risk, via a formal OJEU process.
- 3.73 On the basis of the work undertaken to date, there is a requirement to carry out further detailed analysis of cashflows and to procure external consultants to audit and verify the financial model.
- 3.74 Further work is required to investigate and report back on alternative funding options and opportunities such that the implications on the Council are fully understood.
- 3.75 It is recommended that this work is undertaken over the summer, with a view to reporting back to the Council in autumn 2015.

## **Measures of success**

---

- 4.1 The findings of the draft OBC indicate that that an economic case for extending the current tram line would accrue positive benefits to the city.
- 4.2 Transport investment can increase effective density between places of residence and employment in two ways; firstly, by reducing transport costs and thereby improving accessibility around and between jobs and people. Edinburgh Tram system extension options will reduce the transport costs between a number of key employment locations including:
- Around Leith Waterfront including the Scottish Government at Victoria Quay (for Newhaven and Ocean Terminal Options only);
  - The city centre via the five stops between Picardy Place and Haymarket (inclusive);
  - A reduction in travel time via a direct tram connection to major employment locations on the existing line, notably Edinburgh Park and Edinburgh Airport; and

- A reduction in travel times to a range of locations within the city and beyond, via interchange with rail at Waverley Station, Haymarket Station and Edinburgh Gateway, and local and intercity bus services (city centre).
- 4.3 Extending the Edinburgh tram system will also support the change in scale and location of jobs through:
- Directly supporting the bringing forward of employment related development in the Leith Waterfront area (for Newhaven and Ocean Terminal Options only); and
  - Increasing the attractiveness of the employment locations in the city centre and West Edinburgh by expanding the effective labour market catchment through reduced travel costs (all options), and through helping bring forward major residential development in Leith Waterfront (for Newhaven and Ocean Terminal Options only).
- 4.4 The extension options will also deliver labour supply benefits. The Leith extension options will connect major existing and planned employment destinations (City Centre, West Edinburgh) with the Leith corridor, which has the highest population density in the city (and amongst the highest densities in the UK) and major planned areas for new residential developments in Leith towards Newhaven.
- 4.5 Enhanced connectivity will better link existing and new jobs with existing and new residents, ensuring that labour market accessibility is enhanced (businesses will find it easier to recruit, and workers have access to more jobs), and that the economic growth that this will support will be delivered in a sustainable manner, through integrated transport and land use planning.
- 4.6 The purpose of considering Edinburgh Tram extensions is to support the overall level of economic growth of Edinburgh through enhancing the viability and attractiveness of major housing and employment sites identified in the Local Development Plans. The tram extensions can help support a level of economic activity (jobs, development, and housing) at a greater level that would otherwise be the case.

## Financial impact

---

- 5.1 If the Council were to proceed with extending the tram system at this time, there would be a requirement to find capital funding up to £144.7m, depending on the option chosen.
- 5.2 Further work is required however to consider alternative funding options and to test the assumptions and logical integrity of the financial model, by way of an independent audit.

- 5.3 It is recommended that this work is progressed over the summer with a report back to Council in autumn 2015. This work can be undertaken within the original budget allocation approved by Council on 11 December 2014.

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

---

- 6.1 The recommendations set out in this report are in alignment with the LTS and the Local Development Plan and reflect the broader Council policy objectives of promoting development and stimulating economic activity in the city.
- 6.2 Although there are a number of risks which require careful management through the delivery phase of the project, the capital cost estimate represents a fair assessment of the current market condition.
- 6.3 The cost plan and economic appraisal and patronage forecasts have been independently audited by Atkins and Faithful & Gould and are thus considered robust at this stage of project development
- 6.4 Further market testing will be built into future stages of the project development to provide comfort that the scheme can be delivered within the cost parameters established during this stage.
- 6.5 Robust governance arrangements will be required if the project were to proceed and the OBC will include details of these based on lessons learned from the first phase of tram.

## **Equalities impact**

---

- 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**

---

- 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

---

- 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

---

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)

## John Bury

Acting Director of Services for Communities

Contact: Rob Leech

E-mail: [rob.leech@edinburgh.gov.uk](mailto:rob.leech@edinburgh.gov.uk) | Tel: 0131 469 3796

## Links

---

<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>	None

10.00am, Thursday, 25 June 2015

## Extension of contract for consultancy support for the review of the Health and Social Care budget

Item number 8.4  
Report number  
Executive/routine  
Wards

### Executive summary

---

The report seeks approval to earmark up to £0.166m from the unaudited 2014/15 underspend to meet costs arising from the decision of the Finance and Resources Committee to authorise the Director of Corporate Governance to extend the contract with KPMG to allow additional works to be carried out on the review of the Health and Social Care budget.

### Links

---

Coalition pledges [P30](#)  
Council outcomes [CO25](#)  
Single Outcome Agreement [SO1](#), [SO2](#)

## Extension of contract for consultancy support for the review of the Health and Social Care budget

### Recommendations

---

- 1.1 It is requested that Council approves:
  - 1.1.1 Earmarking up to £0.166m of the unaudited 2014/15 underspend to meet costs arising from the decision of the Finance and Resources Committee to authorise the Director of Corporate Governance to extend the contract with KPMG to allow additional works to be carried out on the review of the Health and Social Care budget.

### Background

---

- 2.1 The Finance and Resources Committee of 4 June 2015 considered a report on the 2015/16 budget action plan for Health and Social Care.

### Main report

---

- 3.1 As part of their consideration of the above-mentioned report, the Committee agreed, under urgency provisions, that the Director of Corporate Governance be authorised, in consultation with the Convener of the Finance and Resources Committee, to extend the contract with KPMG for three months to enable additional work to be done on the review of the Health and Social Care budget.
- 3.2 A requirement of up to £0.166m of funding was identified. Members are advised that this sum could be met from the underspend of £0.519m returned by the Council in 2014/15. The underspend is included in the report on the Unaudited Financial Statements which can be seen elsewhere on the agenda. Members are therefore asked to earmark up to £0.166m of funding to enable the cost of the contract extension to be met.
- 3.3 The surplus returned by the Councils is subject to confirmation through the annual audit of the financial statements. Members are therefore advised that there is a risk that any adjustments identified as part of the audit may impact on the reported underspend. Should any material changes arise, the Head of Finance will review the position on completion of the audit and advise Members accordingly.



## Measures of success

---

- 4.1 Reduction in potential budget overspend, whilst prioritising key services.

## Financial impact

---

- 5.1 The costs of up to £0.166m can be met from the unaudited underspend of £0.519m returned by the Council in 2014/15.

## Risk, policy, compliance and governance impact

---

- 6.1 The delivery of a balanced budget outturn for the year is the key target. The risks associated with cost pressures, increased demand and delivering savings targets are regularly monitored and reviewed and management action is taken as appropriate.
- 6.2 The reported underspend is subject to confirmation as part of the annual audit of the financial statements and therefore there is a risk that the underspend may be subject to change.

## Equalities impact

---

- 7.1 It is anticipated that the review will highlight potential opportunities to identify necessary savings whilst prioritising key front-line services.

## Sustainability impact

---

- 8.1 There are no impacts on carbon, adaptation to climate change and sustainable development arising directly from this report.

## Consultation and engagement

---

- 9.1 Previous reports to the Finance and Resources Committee reflect ongoing discussion with NHS Lothian.

## Background reading/external references

---

[Health and Social Care 2015-16 Budget Action Plan](#) – report to Finance and Resources Committee 4 June 2015

### Sue Bruce

Chief Executive

Contact: Hugh Dunn, Head of Finance

E-mail: [hugh.dunn@edinburgh.gov.uk](mailto:hugh.dunn@edinburgh.gov.uk) | Tel: 0131 469 3150

## Links

---

<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 agreed 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
<b>Appendices</b>	None.

10.00am, Thursday, 25 June 2015

## Governance: Operational Governance Framework Annual Review 2015

Item number 8.5  
Report number  
Executive/routine  
Wards

### Executive summary

---

This report sets out the outcome of the annual review of the key documents that support internal controls, accountability and transparent operation of the Council and recommends appropriate changes. This is to ensure that the key operational governance documents of the Council are comprehensive, relevant, up-to date and support good governance.

### Links

---

Coalition pledges  
Council outcomes  
Single Outcome Agreement

## Governance: Operational Governance Framework Annual Review 2015

### Recommendations

---

- 1.1 To repeal the existing Procedural Standing Orders for Council and Committee Meetings, Committee Terms of Reference and Delegated Functions, Scheme of Delegation to Officers and Financial Regulations and approve in their place appendices 2-5, such repeal and approval to take effect from 29 June 2015.
- 1.2 To delegate authority to the Director of Corporate Governance to take such actions and make such minor adjustments to the documents set out in appendices 2-5 as may be necessary to implement the decision of the Council in relation to this report and to implement any post title changes or movement of functions within service areas as part of the Organise to Deliver report agreed by Council in December 2014.
- 1.3 To note that no amendments are proposed to the Member/Officer Protocol and Procedure for the appointment of Religious, Teacher and Parent Representatives.
- 1.4 To note that the transfer of health and social care functions to the Integration Joint Board would require further changes to the operational governance framework documents.
- 1.5 To agree to introduce Rolling Actions Logs for full Council, and to review these twice per municipal year.

### Background

---

- 2.1 On 20 September 2012 it was agreed that the documents that make up the operational governance framework should be reviewed and annually approved by Council to ensure that they remain relevant and fit for purpose.
- 2.2 This approval has since taken place annually, alongside a focus on modernising and adding to the documents that make up the operational governance framework.

### Main report

---

- 3.1 The following key documents have been reviewed and are submitted for approval:

- 3.1.1 Procedural Standing Orders for Council and Committee Meetings;
  - 3.1.2 Committee Terms of Reference and Delegated Functions;
  - 3.1.3 Scheme of Delegation to Officers;
  - 3.1.4 Financial Regulations;
  - 3.1.5 Member/Officer Protocol; and
  - 3.1.6 Procedure for the appointment of Religious, Teacher and Parent Representatives.
- 3.2 The documents listed above have been reviewed and a list of amendments are attached in appendix 1. The changes are also highlighted in the tracked copies of the documents in appendices 2-5.
- 3.3 There are no proposed changes to the Member/Officer Protocol and the Procedure for the appointment of Religious, Teacher and Parent Representatives.
- 3.4 Contract Standing Orders and the Guidance on the Appointment of Consultants were agreed by the Council in February 2015 and thus a decision has been taken within six months. These documents will be added to the annual approval of operational governance in May 2016.

#### **Procedural Standing Orders**

- 3.5 The changes to Procedural Standing Orders are relatively minor and aim to either clarify terms or reflect current practice.

#### **Committee Terms of Reference and Delegated Functions**

- 3.6 The alterations to the Committee Terms of Reference and Delegated Functions aim to clarify and reflect current practices. There are no significant alterations to any of the remits of the committees.
- 3.7 The alteration of paragraph A4.1 urgent decision shows that the power applies to Council as well as committee. This is the current and past practice but this change helps ensure it can not be misunderstood.
- 3.8 The addition of paragraph A2.1.20 to the Council reserved matters is in regard to the creation of Council companies and it reflects the current practice and the importance and cross-cutting nature of the majority of Council companies.
- 3.9 The substitutions provision for the Planning Committee (paragraph 13.4) and the Development Management Sub-Committee (paragraph 25.4) is proposed to be amended to allow substitutes who have undertaken and completed appropriate training specified by the Head of Planning. This will allow a greater breadth of expertise to be developed across the Council membership in a busy subject area.

### **Scheme of Delegation to Officers**

- 3.10 There have been minor changes to the powers delegated to the Director of SfC relating to licensing and community safety for clarification and to reflect legislative changes. There are no amendments which represent substantive changes to the present authority delegated to officers in the relevant service areas.
- 3.11 The Scheme will be required to be reviewed further in 2015 to accommodate the proposed adjustments to the Council's operating model and to assess whether changes are required as a result of the forthcoming integration of health and social care services."

### **Financial Regulations**

- 3.12 Section 95 of the Local Government (Scotland) Act 1973 states that every local authority shall make arrangements for the proper administration of its financial affairs and shall secure that the proper officer of the authority (termed the Section 95 Officer) has responsibility for the administration of those affairs. The City of Edinburgh Council has designated the Head of Finance the Section 95 Officer for this purpose.
- 3.13 The Local Authority Accounts (Scotland) Regulations 1985 further specify that the system of accounting and control and form of the accounts and supporting records are to be determined by the Section 95 Officer. In this regard, s/he should ensure that accounting controls are observed and the accounts and supporting records are kept up-to-date.
- 3.14 The Financial Regulations therefore set out the key aspects of the framework of responsibilities, controls and reporting in place to provide assurance of the propriety and consistency of actions undertaken on the Council's behalf. The Regulations also serve as a public demonstration of the Council's commitment to promoting openness, transparency and integrity in its financial affairs. The document's contents are supplemented by a more detailed set of operational Finance Rules, a full updating of which has recently also been undertaken.
- 3.15 Given the previous interim update in 2013, the broad structure and content of the Financial Regulations has been retained. The opportunity has been taken, however, to reflect both intervening structural changes (and, specifically, their impact on the assignment of relevant responsibilities and delegated authority) and to provide greater clarity around, in particular, Directors' budget-related responsibilities and the role of internal audit.

### **Health Integration**

- 3.16 The transfer of powers to the Integration joint Board will very likely lead to changes to the Committee Terms of Reference and Delegated Functions and to the Scheme of Delegation. However, until this power has been transferred, changes are not required and maintaining the current lines of delegation is necessary.

## **Council Rolling Actions Log**

- 3.17 Rolling Actions Logs are presented to each meeting of the Executive Committees. These allow members to scrutinise reporting progress, and ensure Committee decisions are implemented within the agreed timescales. It is suggested that this approach is extended to meetings of the full Council, with Rolling Actions Logs considered twice a year.

## **Measures of success**

---

- 4.1 Compliance with legislation measure via a range of key performance indicators reported to the appropriate committee.

## **Financial impact**

---

- 5.1 There are no financial implications as a result of this report.

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

---

- 6.1 It is good governance to maintain an annual review of the Council's key operational governance documents.

## **Equalities impact**

---

- 7.1 There are no direct equalities impacts as a result of this report.

## **Sustainability impact**

---

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

## **Consultation and engagement**

---

- 9.1 A short consultation period took place with group leaders and senior Council officials.

## **Background reading/external references**

---

[Operational Governance Framework Annual Report 2014](#)

**Alastair D Maclean**

Director of Corporate Governance

Contact: Kirsty-Louise Campbell, Strategy and Governance Manager

E-mail: [Kirstylouise.campbell@edinburgh.gov.uk](mailto:Kirstylouise.campbell@edinburgh.gov.uk) | Tel: 0131 529 3654

Contact: Gavin King, Committee Services Manager

E-mail: [gavin.king@edinburgh.gov.uk](mailto:gavin.king@edinburgh.gov.uk) | Tel: 0131 529 4239

## Links

---

**Coalition pledges**

**Council outcomes**

**Single Outcome  
Agreement**

**Appendices**

Appendix one – Table of key amendments

Appendix two: Procedural Standing Orders for Council and  
Committee Meetings

Appendix three: Committee Terms of Reference and Delegated  
Functions

Appendix four: Scheme of Delegation to Officers

Appendix five: Financial Regulations

Appendix six: Member/Officer Protocol

Appendix seven: Regulations for the appointment of Religious,  
Teacher and Parent Representatives



## Appendix 1

## Operational Governance Framework June 2015

Location/ Reference	Subject	Existing	Proposed Amendment	Comments
<b>PROCEDURAL STANDING ORDERS</b>				
<b>20.1</b>	<b>Debate</b>	A member wishing to speak will rise <b>will</b> address the Lord Provost or Convener. He/she will speak only on the matter under consideration or on a question of order	A member wishing to speak will rise <b>and</b> address the Lord Provost or Convener. He/she will speak only on the matter under consideration or on a question of order	Improvement to style.
<b>20.3</b>	<b>Debate</b>	The mover and seconder of any motion or amendment may speak in support of the motion or amendment for not more than five minutes. No other speaker may speak for more than three minutes or more than once in the same discussion except to call attention to a point of order	The mover and seconder of any motion or amendment <b>or adjustment thereof</b> may speak in support of the motion or amendment for not more than five minutes. No other speaker may speak for more than three minutes or more than once in the same discussion except to call attention to a point of order	This allows the mover of a motion to adjust their motion once it has been moved. This may occur following a deputation.
<b>20.8</b>	<b>Debate</b>	The mover of an amendment, which is not seconded, may have his/her dissent to the decision of the Council or Committee <b>minuted</b>	The mover of an amendment, which is not seconded, may have his/her dissent to the decision of the Council or Committee <b>recorded in the minute</b>	Improvement to style.

24.1	<b>Point of Order</b>	Replacement of term 'chair' to 'convener'	Replacement of term 'chair' to 'convener'	Changed to be more consistent with the rest of the Standing Orders
29.1	<b>Committee – Non Member motion</b>	Any member may raise with the relevant committee a matter of new business <b>that is not already the subject of consideration</b> by submitting a motion in writing to the Clerk by noon on the seventh working day before the meeting. If accepted by the Convener the matter will be placed on the agenda of business for the next meeting. The member raising the matter will be entitled to appear at that meeting to move his/her motion, which will require to be seconded by another member, but may not vote unless he/she is a member of the Committee	Any member may raise with the relevant committee a matter of new business by submitting a motion in writing to the Clerk by noon on the seventh working day before the meeting. If accepted by the Convener the matter will be placed on the agenda of business for the next meeting. The member raising the matter will be entitled to appear at that meeting to move his/her motion, which will require to be seconded by another member, but may not vote unless he/she is a member of the Committee	This removes the requirement that the subject is not to be on the agenda
32.2	<b>Admission of media and members of the public</b>	Replacement of term 'chair' to 'convener'	Replacement of term 'chair' to 'convener'	Changed to be more consistent with the rest of the Standing Orders

COMMITTEE TERMS OF REFERENCE AND DELEGATED FUNCTIONS				
A2.1.20	Reserved Matters to Council		Creation of Council Companies	Addition to reserved matters confirming current practice
A4.1	Urgent Decisions	If a decision which would normally be made by the Committee requires to be made urgently between meetings of the Committee, the Chief Executive or appropriate Director, in consultation with the Convener or Vice-Convener, may take action, subject to the matter being reported to the next meeting of the Committee.	If a decision which would normally be made by <b>the Council or</b> a Committee requires to be made urgently between meetings of the <b>Council or</b> Committee, the Chief Executive or appropriate Director, in consultation with the Convener or Vice-Convener, may take action, subject to the matter being reported to the next meeting of the <b>Council or</b> Committee.	Clarification that power includes Council; confirming current practice.
Various	Various	Changing '&' to 'and'	Changing '&' to 'and'	Improvement to style
13.2	Planning Committee	The Convener will be a member of the City of Edinburgh Council.	The Convener and <b>Vice-Convener</b> will be members of the City of Edinburgh Council.	Reflects current practice
13.4	Planning Committee	Substitutes are not permitted.	Substitutes are permitted from members of the Council who have undertaken and completed appropriate training specified by the Head of Planning.	Allows for greater flexibility and an increase in experience in a busy subject area.
16.5	Placing in School Appeals Committee	Chair	Convener	Reflects current practice

16.6	<b>Placing in School Appeals Committee</b>	Three members of the Placing in Schools Appeals Committee will constitute a quorum. <b>A member from each Panel outlined in paragraphs 17.2-17.4 above must be represented at any meeting.</b>	Three members of the Placing in Schools Appeals Committee will constitute a quorum.	Reflects current practice
16.8	<b>Placing in School Appeals Committee</b>	To hear and decide appeals <b>from parents</b> against decisions of the Council to refuse placing requests and exclude pupils all in terms of Section 28 C, D, E, G and H of the Education (Scotland) Act 1980 as amended; and  To consider appeals <b>from parents</b> against decisions by the Director of Children and Families to refuse early admission to school.	To hear and decide appeals against decisions of the Council to refuse placing requests and exclude pupils all in terms of Section 28 C, D, E, G and H of the Education (Scotland) Act 1980 as amended; and  To consider appeals against decisions by the Director of Children and Families to refuse early admission to school.	Removes superfluous words
17.2	<b>Police and Fire Scrutiny Committee</b>	The Convener will be <b>a</b> member of the City of Edinburgh Council.	The Convener and <b>Vice-Convener</b> will be members of the City of Edinburgh Council.	Reflects current practice
18	<b>Committee on Pupil Student Support</b>	<b>Pupil and Student Support Committee</b>	<b>Committee on Pupil Student Support</b>	Alteration to reflect current title

19.1.4	<b>Recruitment Committee</b>	Relevant Convener for the role	Relevant Convener <b>or Vice-Convener</b> for the role	Additional flexibility to allow the committee to be more representative
19.4	<b>Recruitment Committee</b>	Substitutes are permitted	Substitutes are permitted <b>from members of the Council who have undertaken and completed appropriate training specified by the Director of Corporate Governance and in line with the relevant Council policy.</b>	Reflects current practice
20	<b>Regulatory Committee</b>	The Convener will be <b>a</b> member of the City of Edinburgh Council.	The Convener and <b>Vice-Convener</b> will be members of the City of Edinburgh Council.	Reflects current practice
25	<b>Development Management Sub-Committee</b>	The Convener will be <b>a</b> member of the City of Edinburgh Council.	The Convener and <b>Vice-Convener</b> will be members of the City of Edinburgh Council.	Reflects current practice
25.4	<b>Development Management Sub-Committee</b>	Substitutes are not permitted.	Substitutes are permitted from members of the Council who have undertaken and completed appropriate training specified by the Head of Planning.	Allows for greater flexibility and an increase in experience in a busy subject area.
26	<b>Licensing Sub-Committee</b>	The Convener will be <b>a</b> member of the City of Edinburgh Council.	The Convener and <b>Vice-Convener</b> will be members of the City of Edinburgh Council.	Reflects current practice

<b>FINANCIAL REGULATIONS</b>				
<b>3.3.3 (new paragraph reference)</b>	<b>Additional detail on financial responsibilities of Directors</b>	<b>n/a; additional paragraph</b>	<b>Inclusion of following wording:</b>  “As part of ensuring the overall sustainability of the Council’s financial planning and management arrangements, Directors also have a responsibility to review their respective budgets on an on-going basis. This includes the active monitoring and management of service pressures, delivery of approved savings and application of approved service investment, particularly in cases where this investment is targeted towards delivery of longer-term savings. The Head of Finance may request that Directors report to Council during the year on measures being taken to ensure expenditure is contained within approved levels.”	
<b>3.5.2 and various references thereafter</b>	<b>Amend references to Finance and Budget Committee to Finance and Resources Committee</b>	n/a	n/a	Reflects reversion to former committee title in October 2013
<b>4.2.2</b>	<b>Update reference to Controller of Audit to Council’s external auditor</b>	n/a	n/a	Reflects revised requirements under Local Authority Accounts (Scotland) Regulations 2014

<b>4.4.2.1</b>	<b>Addition of reference to assessment of carbon impacts</b>	n/a	n/a	Additional narrative to reflect Council's duty to consider actual or potential sustainability aspects of budget proposals
<b>4.4.2.2</b>	<b>Removal of reference to Subcommittee</b>	n/a	n/a	Following review of revised political governance arrangements, Subcommittee stood down in September 2014
<b>4.4.4.1</b>	<b>Inclusion of reference to additional Committee report-writing guidance</b>	n/a	n/a	n/a
<b>4.4.4.2</b>	<b>Additional paragraph to reflect inclusion of reference within reports, where applicable, to loans charge implications of borrowing and costs of procurement</b>	n/a	n/a	Reflects decision of Finance and Resources Committee of 16 January 2014 to include these details within relevant reports
<b>4.4.4.3 (previous reference)</b>	<b>Provision of greater clarity on content and timing of revenue monitoring reports</b>	"The Head of Finance, in conjunction with Directors, is required to submit detailed monitoring reports at months three, six, nine and twelve of each financial year to the Finance and Budget Committee, other relevant executive committee(s) and the Governance, Risk and Best Value Committee. These reports will compare actual expenditure to date with the budget position,	"The Head of Finance, in conjunction with Directors, is required to submit detailed quarterly monitoring reports to the Finance and Resources Committee, other relevant executive committee(s) and the Governance, Risk and Best Value Committee. These reports will compare actual expenditure to date with the budget position, project the expenditure outturn for revenue and capital expenditure, provide an overview	

		project the expenditure outturn for revenue and capital expenditure, and report key service issues including – where relevant – the equality and rights impact of any changes. The Head of Finance will specify the format of such monitoring reports.”	of progress in delivering approved savings and managing service pressures and report key service issues including – where relevant – the equality and rights impact of any changes. The Head of Finance will specify the format of such monitoring reports.”	
<b>4.4.9.1</b>	<b>Clarification around management’s overriding responsibility to put in place and monitor effectiveness of internal control framework</b>	“Proposals of material change to internal control must be discussed with and formally authorised in writing by the Head of Internal Audit and Risk Management.”	“In cases of material proposed change to systems of internal control, advice should be sought from the Head of Internal Audit and Risk Management. It is the responsibility of relevant service managers, however, to implement resulting changes and monitor their effectiveness.”	The current wording was felt to be unclear with regard to respective roles and responsibilities in this area.
<b>4.4.18.1</b>	<b>Amendment to reflect revised job role title</b>	“Principal Finance Manager”	“Principal Treasury and Banking Manager”	
<b>4.4.25.3</b>	<b>Amendment to reflect revised job role title</b>	“Head of Corporate and Transactional Services”	“Head of Customer Services”	
<b>SCHEME OF DELEGATION</b>				
<b>App 6, para 198</b>	<b>Applications for licences where adverse medical reports have been received</b>	The Director of SfC has delegated authority to determine taxi and private car hire licence applications where an adverse medical report has been received (old para 207)	The power is made subject to (a) consultation with two of the members of the Regulatory Committee and (b) there being no objection or unresolved representation from a member of the public or Chief Constable.	For clarification and to reflect current practice.
<b>App 6,</b>	<b>Applications for exemptions</b>	n/a	The Director of SfC has the power	For clarification.



<b>para 204</b>	<b>to late hours catering licences.</b>		to determine an application for an exemption from the requirement to have a late hours catering licence in respect of any particular occasion or during a specified period not exceeding two months in any period of 12 months, and, where appropriate, to attach to such exemption any of the standing conditions applying to late hours catering licences.	
<b>App 6, para 205</b>	<b>Licence application fee refunds.</b>	Fees are refunded in accordance with the Regulatory Committee's Refunds Policy.	To add reference to Council policy.	To clarify that the power to refund application fees are subject to the Regulatory Committee's Refunds Policy.
<b>App 6, para 207</b>	<b>Late applications</b>	n/a	The power to determine whether "good cause" has been shown is delegated to officers.	Reflects a change in the applicable legislation.
<b>App 6, para 210</b>	<b>Exemptions from elements of compulsory training course</b>	The Director of SfC has delegated authority to exempt new taxi driver licence applicants from elements of the compulsory training course if they have alternative equivalent qualifications after consultation with the Cab Inspector and officials at Edinburgh College.	Deletion of reference to consultation with the Cab Inspector and training officials at Edinburgh College.	To reflect current practice and role of Cab Inspector.
<b>App 6,</b>	<b>Approval of WiFi, CCTV or</b>	Authority is delegated to	The addition of "CCTV and other	Reflects current practice.

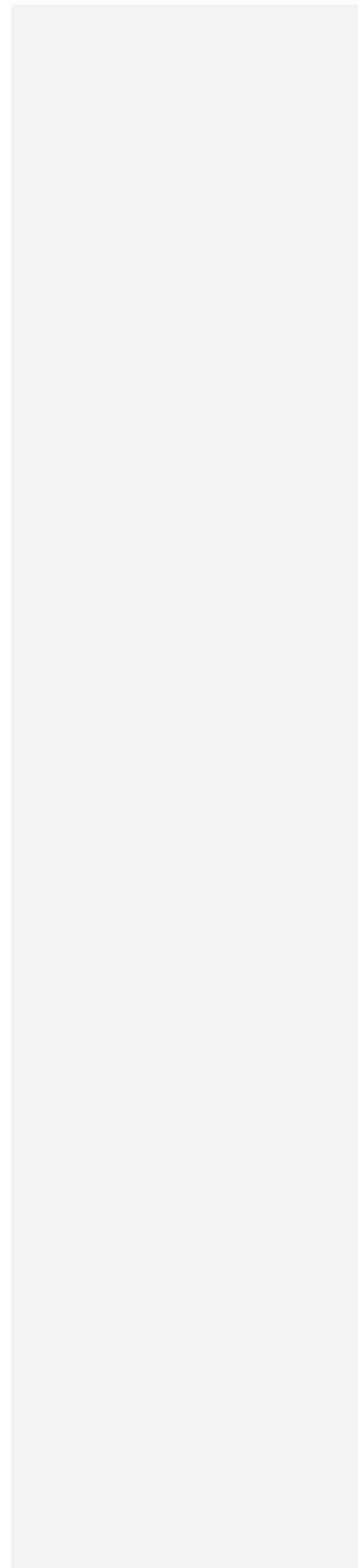
<b>para 213</b>	<b>other camera equipment</b>	approve the installation of WiFi in any relevant licensed vehicle.	camera equipment”.	
<b>App 6, para 220</b>	<b>Wheelchair exemptions</b>	n/a	The addition of the power to determine and issue wheelchair exemptions on a temporary basis in respect of the City of Edinburgh Council’s Licensing Conditions for Taxis, Private Hire Cars, Taxi Drivers and Private Hire Car Drivers.	For clarification and to reflect the Licensing Conditions.
<b>App 6, para 221</b>	<b>Determination whether to hold a licence suspension hearing.</b>	n/a	The addition of the power to determine whether to hold a hearing to consider the suspension of a licence in terms of the Civic Government (Scotland) Act 1982.	For clarification.
<b>App 10, paras 8 and 10</b>	<b>Licensing legislation</b>	n/a	Additions to the list of licensing legislation.	For clarification.
<b>App 10, para 52</b>	<b>Single Use Carrier Bags Charge (Scotland) Regulations 2014</b>	n/a	Authority is delegated to the Director of SfC to exercise the Council’s statutory enforcement powers in terms of the Single Use Carrier Bags Charge (Scotland) Regulations 2014.	To reflect new legislation.

**CITY OF EDINBURGH COUNCIL**

**PROCEDURAL STANDING ORDERS**

**FOR COUNCIL**

**AND COMMITTEE MEETINGS**



## CONTENTS

1.	First meeting of the Council after an election	3	Formatted: Space Before: 0.2 line, After: 0.2 line
2.	Lord Provost and Depute Convener – Term of Office	3	Formatted: Space Before: 0.2 line, After: 0.2 line
3.	Ordinary and special meetings	3	Formatted: Space Before: 0.2 line, After: 0.2 line
4.	Notice of meetings	4	Formatted: Space Before: 0.2 line, After: 0.2 line
5.	Quorum	4	Formatted: Space Before: 0.2 line, After: 0.2 line
6.	Lord Provost – Council Meetings	5	Formatted: Space Before: 0.2 line, After: 0.2 line
7.	Convener– Committees	5	Formatted: Space Before: 0.2 line, After: 0.2 line
8.	Lord Provost and Convener – Duties	5	Formatted: Space Before: 0.2 line, After: 0.2 line
9.	Order of business	6	Formatted: Space Before: 0.2 line, After: 0.2 line
10.	Power to vary order of business	8	Formatted: Space Before: 0.2 line, After: 0.2 line
11.	Declaration of interests	8	Formatted: Space Before: 0.2 line, After: 0.2 line
12.	Deputations	8	Formatted: Space Before: 0.2 line, After: 0.2 line
13.	Minutes	9	Formatted: Space Before: 0.2 line, After: 0.2 line
14.	Council questions	9	Formatted: Space Before: 0.2 line, After: 0.2 line
15.	Leader’s report and questions	9	Formatted: Space Before: 0.2 line, After: 0.2 line
16.	Notices of Motion	9	Formatted: Space Before: 0.2 line, After: 0.2 line
17.	Order of debates	10	Formatted: Space Before: 0.2 line, After: 0.2 line
18.	Length of speeches	10	Formatted: Space Before: 0.2 line, After: 0.2 line
19.	Motion for adjournment	10	Formatted: Space Before: 0.2 line, After: 0.2 line
20.	Debate	11	Formatted: Space Before: 0.2 line, After: 0.2 line
21.	Closure of debate	12	Formatted: Space Before: 0.2 line, After: 0.2 line
22.	Voting	12	Formatted: Space Before: 0.2 line, After: 0.2 line
23.	Appointments	13	Formatted: Space Before: 0.2 line, After: 0.2 line
24.	Point of order	14	Formatted: Space Before: 0.2 line, After: 0.2 line
25.	Suspension of Standing Orders	14	Formatted: Space Before: 0.2 line, After: 0.2 line
26.	Obstructive or offensive conduct by members	14	Formatted: Space Before: 0.2 line, After: 0.2 line
27.	Changing a Council decision	14	Formatted: Space Before: 0.2 line, After: 0.2 line
28.	Referring a decision to Council	14	
29.	Committee – non-member motion	15	
30.	Ward or members with special interest	15	
31.	Freedom of the City	15	
32.	Admission of media and members of the public	15	
33.	Variation and revocation of Standing Orders	16	
34.	Review of Standing Orders	16	

## STANDING ORDERS

These standing orders ("**Standing Orders**") apply from 29 May 2014 and regulate the conduct of business at meetings of the City of Edinburgh Council ("**Council**") and the committees or sub-committees of the Council ("**Committees**").

### 1. **First meeting of the Council after an election**

1.1 In an election year, the Council will hold a meeting at 10 am, no later than the third Thursday after the day of the ordinary election of Councillors.

1.2 At this meeting or at any adjournment of it, the Council will

- (a) appoint the Lord Provost;
- (b) appoint the Depute Convener, the Leader and Depute Leader of the Council, the members of the committees of the Council and their conveners and any vice-conveners, the members of the joint committees and joint boards, the members of the Licensing Board and such representatives to other bodies as the Council may decide to appoint; and
- (c) deal with any urgent competent business.

### 2. **Lord Provost and Depute Convener – term of office**

2.1 The Council may at any time agree to remove the Lord Provost and Depute Convener from office, with immediate effect, provided that not less than three quarters of the members of the Council present and voting so decide.

### 3. **Ordinary and special meetings**

3.1 A meeting of the Council will be held at 10 am on every fourth Thursday.

3.2 In a non-election year the Council, at its first ordinary meeting in May, or at any adjournment of it, will appoint the Leader and Depute Leader, the members of the committees of the Council and their conveners and any vice-conveners and the members of the joint committees and joint boards.

3.3 The Lord Provost may in exceptional circumstances alter the arrangements for ordinary meetings or authorise a special meeting to be called. A special meeting may also be called at any time by written request to the Clerk specifying the business to be transacted and signed by at least one quarter of the members of the Council. The Clerk will arrange for the special meeting to be held within 14 days of receipt of the request. The right to call a meeting does not apply to Committees.

3.4 The Council may recess for periods to be determined by the Clerk after consultation with the Lord Provost and the Leader of the Council. During any

recess no meetings of the Council, Corporate Policy and Strategy Committee, Executive Committees, Governance, Risk and Best Value Committee or the Petitions Committee will be held.

#### 4. **Notice of Meetings**

4.1 At least 3 clear days before a meeting of the Council or its Committees:

(a) the Clerk will publish a notice of the time and place of the intended meeting. If the meeting is called by members of the Council, the signed request will accompany the notice; and

(b) a summons to attend the meeting containing the agenda of business will be sent to every Council member by email or to an alternative address nominated by them. If a summons is not sent to any member the meeting will still be validly called only if good reason is shown for failure to send such a summons.

4.2 A Committee will hold such meetings as the Council may prescribe, but the Clerk will call additional meetings of a Committee at any time on being required to do so by the Committee concerned, or at the request of the Convener. Meetings will be called at least six days before the meeting date in accordance with the statutory requirements

4.3 The Clerk will call a special meeting to be held within eight days of receiving a written request specifying the business to be transacted and signed by at least one quarter of the members of the Committee concerned.

4.4 Any summons issued under Standing Order 4.1 must give a note of the agenda of business and the proposed order for dealing with business at the meeting.

4.5 No business other than that set out in the notice of meeting may be dealt with unless it is brought before the Council or Committee as a matter of urgency. The Lord Provost or Convener must rule that it is a matter of urgency and give the reasons for the ruling to be noted in the minutes. The item must be made known at the start of the meeting when the order of business is decided. If the Lord Provost or Convener rules that the matter is not urgent, it will be included as an item for the next ordinary meeting of the Council or next scheduled committee meeting, unless dealt with earlier.

#### 5. **Quorum**

5.1 The quorum of the Council is fifteen. No business may be transacted at any meeting unless a quorum is present. If fewer than fifteen members are present ten minutes after the appointed time for the start of the meeting the division bell will be rung. If after a further period of three minutes there are still fewer than fifteen members present, the meeting will be adjourned until such date and time as the Lord Provost decides.

5.2 If at any time during a Council meeting a question arises on whether there is a quorum, the Lord Provost will instruct a count of the members who are present. If a quorum is not present, the meeting will be adjourned until such date and time as the Lord Provost decides.

5.3 Subject to law the quorum of a Committee will be one third of the number of voting members of the Committee provided that in no case will any business be transacted unless at least two voting members are present.

5.4 If fewer members are present five minutes after the time appointed for the start of a Committee meeting than are needed to constitute a quorum the meeting will be adjourned until such date and time as the Convener decides. After a meeting has started if the number of members present falls below the quorum the meeting will be adjourned immediately until such date and time as the Convener decides.

5.5 A member who has declared an interest in an item of business and has left the meeting may not be counted in the quorum for that item of business. If less than a quorum of the Council or Committee is entitled to vote on an item due to declaration of interests that item cannot be dealt with at the meeting.

## 6. **Lord Provost - Council Meetings**

6.1 The Lord Provost will chair any Council meeting when he or she is present. When the Lord Provost is absent from a Council meeting, the Depute Convener will chair the meeting. When the Lord Provost and Depute Convener are absent, another member of the Council, chosen by the members present, will chair the meeting.

## 7. **Convener - Committees**

7.1 The Convener will chair any meeting of a Committee when he or she is present. When the Convener is absent from a Committee meeting the Vice-Convener, if appointed, will chair the meeting. When the Convener and Vice-Convener are absent, another member chosen by the members present will chair the meeting.

## 8. **Lord Provost and Convener- Duties**

8.1 The duties of the Lord Provost or Convener of the meeting, in accordance with these Standing Orders, will include:

- (a) Deciding on all matters of protocol, decorum, order, competency and relevancy;
- (b) Determining all matters of procedure for which no provision is made within these Standing Orders. In reaching this determination he/she may be advised by the Clerk;
- (c) Deciding priority between two or more members wishing to speak;

- (d) Ensuring that a fair opportunity is given to all members to express their views on any item of business;
- (e) Preserving order within the meeting;
- (f) Ordering the exclusion of any member of the public, in order to prevent or suppress disorderly conduct or any other behaviour which impedes or is, in the Lord Provost or Chair's opinion, impeding the business of the meeting;
- (g) In the event of disorder arising, adjourning the meeting to a time and date the Lord Provost or Convener will fix then or later. In leaving the meeting, the Lord Provost or Convener in such circumstances, will without further procedure, have formally adjourned the meeting;
- (h) Signing the minutes of the previous meeting;

8.2 The decision of the Lord Provost or Convener in relation to all questions regarding Standing Orders is final, but in reaching these decisions advice may be sought from the Clerk.

## 9. **Order of Business**

9.1 **Full Council** – the business of Council at ordinary meetings will take place in the following order:

- (a) Order of Business
- (b) Declaration of Interests
- (c) Deputations
- (d) Minutes
- (e) Council Questions
- (f) Leader's Report
- (g) Appointments
- (h) Reports
- (i) Motions

9.2 **Corporate Policy and Strategy Committee and Executive Committees** – the business of the Corporate Policy and Strategy Committee and Executive Committees will take place in the following order:

- (a) Order of Business



- (b) Declaration of Interests
- (c) Deputations
- (d) Minutes
- (e) Key Decisions Forward Plan/ Rolling Actions Log
- (f) Business Bulletin (Optional)
- (g) Executive Decisions
- (h) Routine Decisions
- (i) Motions

9.3 **Governance, Risk and Best Value Committee** – the business of the Governance, Risk and Best Value Committee will take place in the following order:

- (a) Order of Business
- (b) Declaration of Interests
- (c) Deputations
- (d) Minutes
- (e) Business Bulletin (Optional)
- (f) Work Programme
- (g) Reports
- (h) Motions

9.4 **Petitions Committee** – the business of the Petitions Committee will take place in the following order:

- (a) Order of business
- (b) Declaration of Interests
- (c) Minutes
- (d) Reports: Petitions presented to the Committee for consideration
- (e) Motions

10. **Power to vary order of business**

10.1 The Council or Committee may at any meeting vary the order of business to give precedence to any item on the agenda:

- (a) at the discretion of the Lord Provost or Convener; or
- (b) on a motion duly moved and seconded and voted on electronically or by a show of hands.

11. **Declaration of Interests**

11.1 Where a member declares an interest in accordance with the Councillors' Code of Conduct and leaves the meeting, the fact will be recorded in the minutes of the meeting.

12. **Deputations**

12.1 The Council or any Committee can hear deputations on any matter that is included in its power, duties or delegation.

12.2 Every application for a deputation must be from an office bearer of an organisation or group. It must be submitted by email or in writing, setting out the subject of the deputation and be delivered to the Clerk no later than 5pm on the day before the meeting concerned. The Lord Provost or Convener has discretion to waive this requirement.

12.3 The Clerk will submit the application to the Council or relevant Committee. An application for a deputation to Council will only be submitted if it relates to an item of business on the agenda for that meeting or if the Lord Provost decides that there is sufficient reason for the meeting to consider it.

12.4 When the Council or Committee considers whether to hear a deputation, it must not discuss the merits of the case itself. If necessary a vote will be taken without discussion on whether to hear the deputation.

12.5 Each deputation will not usually exceed four persons and will have ten minutes to present its case. If the meeting decides to hear more than one deputation on the same subject, they will be heard together. The Lord Provost or Convener will decide how much time to allow.

12.6 Unless the Lord Provost or Convener decides otherwise, the total maximum time allowed for deputations to present their cases at a meeting, excluding questions, will be limited to 60 minutes.

12.7 Any member can put a question to the deputation that is relevant to the subject. The total time allowed for such questions will not be more than ten minutes for each deputation. The merits of the case must not be discussed by members until the deputation has withdrawn.

12.8 This Standing Order does not apply in connection with hearings at the Licensing Sub-Committee, the Development Management Sub-Committee, or the City of Edinburgh Planning Review Body, nor to any subsequent consideration of the subject of the hearing.

13. **Minutes**

13.1 The Clerk will minute all Council and Committee meetings. The minutes will record the names of the members who attended the meeting. They will be circulated among members of the Council or Committee at least three clear working days before its next meeting for approval. If they are approved as a correct record of proceedings of the meeting, the Lord Provost or Convener of the meeting will sign them.

14. **Council Questions**

14.1 At any Council meeting, a member may put a question to the Lord Provost or to any Convener or Vice-Convener with relevant responsibility about any relevant or competent business. The question must be given in by email or in writing to the Clerk by noon on the seventh working day before the meeting. The Lord Provost or Convener may specify that a particular question will be answered by another Convener or Vice-Convener, with that member's consent.

14.2 A member may put a question to a Convener or Vice-Convener at a Council meeting about any matter that is on the summons for that meeting. He/she must give the question orally or in writing to the Clerk by 10am on the day before the meeting.

14.3 After a question has been answered the questioner may ask a supplementary question, if necessary, to seek clarification of the answer given. The total time for asking a supplementary question and replying to it will not be more than 5 minutes. The total time for all such questions and answers will not be more than 40 minutes.

14.4 No discussion will be allowed on any question or answer.

15. **Leader's Report and Questions**

15.1 At a meeting, a member may put one or more oral questions to the Leader in connection with the Leader's Report. The Leader may invite a Convener or Vice-Convener to respond on his/her behalf. The total time allowed for such questions and answers will not be more than 40 minutes.

15.2 No discussion will be allowed on any question or answer.

16. **Notices of Motion**

16.1 Every formal notice of motion will be in writing and signed by the member giving the notice. The notice must be delivered to the Clerk by noon on the seventh

working day before the meeting. Those not received within this timescale, will not be included in the summons calling the meeting.

16.2 Late formal notices of motion may be submitted to the Council or Committee at the appropriate time in the meeting, in terms of Standing Order 4.4 if:

- (a) They have been delivered to the Clerk before the start of the meeting;
- (b) They are considered by the Lord Provost or Convener to be competent, relevant and urgent; and
- (c) They have been circulated to members before the meeting commences or read by the Clerk to the meeting at the appropriate time in the meeting.

16.3 Late motions which are not accepted as urgent by the Lord Provost or Convener, will be considered at the next ordinary meeting.

16.4 Every formal motion submitted, in terms of Standing Orders 16.1 and 16.2, will require to be moved and seconded formally. If such a motion is not moved and seconded formally it will fall and this will be recorded in the minutes.

#### 17. **Order of Debates**

17.1 A member who wishes to speak, when called on, will address the Lord Provost or Convener. The member will speak directly on the motion or amendment that is being proposed, seconded or discussed, or on a question of order. No member can speak more than once on any subject that is being discussed, except for a point of order or, with the permission of the Lord Provost or Convener, to give an explanation. The person proposing the motion has a right of reply.

#### 18. **Length of Speeches**

18.1 Except with the Lord Provost or Convener's permission the proposer and seconder of a motion or an amendment must not speak for more than five minutes, and all other speakers for not more than three minutes. The proposer of the original motion may speak for up to five minutes in reply, and the reply must not introduce any new matter into the debate. After that, the discussion will finish and the Lord Provost or Convener will direct that a vote be taken.

#### 19. **Motion for Adjournment**

19.1 A motion to adjourn the meeting may be put at any time, except if a member is speaking, and will have precedence over all other motions. It must be moved and seconded without discussion and must at once be put by the Lord Provost or Convener in the form of 'adjourn' or 'not adjourn.'

19.2 A second or subsequent motion to adjourn may not be made within half an hour unless it is moved by the Lord Provost or Convener when it will be dealt with as in Standing Order 19.1.

20. **Debate**

20.1 A member wishing to speak will rise ~~will and~~ address the Lord Provost or Convener. He/she will speak only on the matter under consideration or on a question of order.

20.2 A member proposing to submit a motion or amendment on any subject under discussion will before addressing the meeting state the terms of the motion or amendment. If he/she fails to do so the Lord Provost or Convener will ask him/her to state the terms. Every motion or amendment must be moved and seconded and will, when required by the Lord Provost or Convener, be put in writing and handed over to the Clerk.

20.3 The mover and seconder of any motion or amendment or adjustment thereof may speak in support of the motion or amendment for not more than five minutes. No other speaker may speak for more than three minutes or more than once in the same discussion except to call attention to a point of order.

20.4 The mover of the original motion will have the right to speak for a further five minutes in reply to the debate after which the discussion will be closed. The mover of the motion must, in his/her reply, strictly confine himself/herself to answering previous speakers and not introducing any new matter. No member will be permitted to offer an opinion or to ask a question or otherwise to interrupt the proceedings. The motion and amendment(s) will then be voted on by members.

20.5 The limits of time specified in Standing Orders 20.3 and 20.4 may be exceeded with the consent of the majority of members present and the Lord Provost or Convener may determine, without taking a vote, whether such consent has been obtained.

20.6 When a motion and two or more amendments are before the meeting, the Lord Provost or Convener will decide the order and manner for putting the motion and amendments to the meeting. The Lord Provost or Convener (or nominee) will have the right to move a minute or report, as the original motion, with all alternative proposals considered as amendments.

20.7 The mover of the motion or amendment may agree to add all or part of an amendment moved and seconded by other members, provided that:

- (a) His/her seconder consents;
- (b) The mover and seconder of the other amendment consents; and

(c) The agreement takes place before the mover of the motion has replied.

20.8 The mover of an amendment, which is not seconded, may have his/her dissent to the decision of the Council or Committee ~~minuted~~recorded in the minute.

## 21. **Closure of Debate**

21.1 Any member who has not spoken on the question before the meeting may propose 'that the matter now be decided'. If this is seconded and the Lord Provost or Convener thinks the question has been discussed enough, he or she will order that a vote on the motion be taken, without amendment or discussion. If the motion that the matter now be decided is carried, the proposer of the original motion will have a right to reply, and the question itself will then be put to the meeting. If the motion that the matter be now decided is not carried, a similar motion may be made after every two further members have spoken.

## 22. **Voting**

22.1 A vote may be taken by either calling the roll, by electronic voting or by a show of hands. When it is proposed to take the vote by electronic voting or by a show of hands, any member may object and if ten members present at the Council or two members in any other Committee object, the vote must be taken by calling the roll. All votes on procedure, however, will be taken by electronic voting or a show of hands.

22.2 When a motion and amendment are before the Council or Committee the proposal receiving the support of a majority of members present and voting will be declared to be a decision of the Council or Committee.

22.3 When a motion and two or more amendments are before the Council or Committee and the adoption of one or more of the proposals would result in either the continuation of a decision or no action, a vote will firstly be taken on the proposal(s) involving continuation or no action as soon as the discussion is completed. This vote will be taken 'for or against' either continuation or no action. Any vote necessary on the remaining proposals will be taken in terms of Standing Order 22.1.

22.4 When a motion and two or more amendments, none of which involves continuation or no action, are before the Council or Committee, the vote will be taken on all proposals, each member having one vote. If a proposal receives the support of a majority of members voting it will be declared to be the decision of the Council or Committee. If none of the proposals receives the support of a majority of those voting, the one which has received the fewest votes will be dropped and a fresh vote taken on the remaining proposals. If there is an equal number of votes between the proposals with the fewest votes the Lord Provost will have a casting vote to determine which proposal should be dropped. If the Lord Provost does not exercise his/her casting vote, the decision will be by lot. This process of elimination will continue until one proposal has received majority

support from those voting which will be declared the decision of the Council or Committee.

- 22.5 If there are equal numbers of votes, the Lord Provost or Convener will have a casting vote except where the vote relates to appointing a member of the Council to any particular office or committee. In this case, the decision will be by lot.
- 22.6 In a meeting of the Council, the City Officer will ring the Division Bell for sixty seconds immediately before any vote is taken. The doors of the Council Chamber will then be locked and voting undertaken by the Clerk. Where a series of votes is to be taken, which in the opinion of the Lord Provost are on related subjects, the Lord Provost may suspend the requirements of this Standing Order after the first vote in the series.
- 22.7 If a vote has been taken and a member immediately challenges the accuracy of the count, the Lord Provost or Convener will decide whether to have a recount. If there is a recount, the Lord Provost or Convener will decide how this should be taken.

23. **Appointments**

- 23.1 When appointing a member of the Council or any person to office where the number of candidates is more than the number of vacancies, the person to be selected may be decided by ballot. In each case, members can vote for as many candidates as there are vacancies but in any vote, they may only vote once for any one candidate.
- 23.2 If only one vacancy is to be filled and one candidate has an absolute majority of the votes cast, that candidate will be declared appointed. If this is not the case, the name of the candidate with the fewest votes will be taken off the list of candidates. This process of elimination will continue until the number of remaining candidates equals the number of vacancies or one candidate has a majority and there is only one vacancy. That candidate or those candidates will be declared to be appointed.
- 23.3 If there is a vote between more than two candidates and there are an equal number of votes for candidates with fewest votes, there will be an extra vote by ballot of those candidates. The name of the candidate with the fewest votes will be taken off the list. If there are an equal number of votes between two candidates, the candidate to be taken off the list will be decided by lot.
- 23.4 Subject to law, appointments to outside bodies are for the life of the Council unless the person appointed resigns from the appointment or the outside body's constitution specifies a different time period.

24. **Point of Order**

24.1 Any member may raise a point of order at any time during a meeting. Any member who is addressing the meeting when a question of order is raised will resume his/her seat until the question has been decided by the Lord Provost or Convener. The member raising the point of order will advise which Standing Order he/she considers is being infringed and thereafter, without debate, await the Lord Provost or ~~Chair's Convener's~~ decision. No other member may speak to the point of order unless with the permission of the Lord Provost or Convener. The decision of the Lord Provost or Convener will be final and cannot be discussed.

25. **Suspension of Standing Orders**

25.1 The Council may on a motion duly moved and seconded, and with the consent of two thirds of members voting, suspend any Standing Order specified in the motion. Any such motion may be submitted, without previous notice, and will be voted on electronically or by a show of hands without discussion.

25.2 Standing Orders 2, 8, 20.6, 24, 25, 26 and 32 will not be capable of suspension.

26. **Obstructive or offensive conduct by members**

26.1 If any member at any meeting disregards the authority of the Lord Provost or Convener, or behaves obstructively or offensively, a motion may then be proposed and seconded to suspend the member for the rest or any part of the meeting. The motion will be put without discussion. If it is carried, the City Officer or Clerk will act on any orders received from the Lord Provost or Convener to carry out the decision.

27. **Changing a Council decision**

27.1 Subject to law, a decision of the Council cannot be changed by the Council within six months unless notice has been given of the proposed item in the summons for the meeting and:

- (a) the Lord Provost rules there has been a material change of circumstances; or
- (b) the Council agrees the decision was based on erroneous, incorrect or incomplete information.

28. **Referring a decision to Council**

28.1 Subject to Standing Order 28.2, where a decision is taken at the Corporate Policy and Strategy Committee, Executive Committees, Governance, Risk & Best Value Committee or the Regulatory Committee, not less than one quarter of the members present may ask for it to be passed to Council as a recommendation.



28.2 A decision will not be sent to the Council in terms of Standing Order 28.1 where the Convener considers that a final decision must be made before the next meeting of the Council, in order to avoid material prejudice to the interests of the Council. The Convener will give clear reasons for this decision.

29. **Committee – non member motion**

29.1 Any member may raise with the relevant committee a matter of new business ~~that is not already the subject of consideration~~ by submitting a motion in writing to the Clerk by noon on the seventh working day before the meeting. If accepted by the Convener the matter will be placed on the agenda of business for the next meeting. The member raising the matter will be entitled to appear at that meeting to move his/her motion, which will require to be seconded by another member, but may not vote unless he/she is a member of the Committee.

30. **Ward or members with special interest**

30.1 A member of the Council who is not a member of a particular committee may be invited by the Convener, or Vice-Convener to attend a meeting where there is under discussion any item in which that member has a local or other special interest. The member will be entitled to speak on that item but may not vote. This Standing Order does not apply to the Regulatory or the Planning Committee or any of their sub-committees.

31. **Freedom of the City**

31.1 Any member of the Council who wishes to propose that the Freedom of the City be offered to any distinguished person will first consult the Lord Provost before submitting any motion to the Council.

31.2 Any motion to give Freedom of the City will be stated in the notice of the meeting of the Council and will need to be passed by at least two thirds of members at the meeting.

32. **Admission of media and members of the public**

32.1 Subject to law and in particular to the provisions of the Local Government (Access to Information) Act 1985, meetings will be open to the public and representatives of the media, subject to powers of exclusion in order to suppress or prevent disorderly conduct or other misbehaviour at the meeting.

32.2 Other than the live web casting of Council meetings by the Council, any video or sound recordings or broadcasting of meetings or the taking of any photographs will be at the Lord Provost or ~~Chair's Convener's~~ discretion.

33. **Variation and revocation of Standing Orders**

33.1 Any motion to vary or revoke these Standing Orders will, when voted on, be approved by a majority of members of the Council present and voting. Any such motion must be by formal notice as provided in Standing Order 16.

34. **Review of Standing Orders**

34.1 These Standing Orders will be reviewed annually.

**CITY OF EDINBURGH COUNCIL**

**COMMITTEE TERMS OF REFERENCE**  
**AND**  
**DELEGATED FUNCTIONS**

# Contents

A. General	3
1. Delegation to committees	3
2. Reserved Matters	3
3. Committee Membership	4
4. Urgent decisions	4
5. Substitutes	5
6. Convener of Sub-Committee	5
B. Committee terms of reference and delegated powers	6
Executive Committees	8
Other Committees	21
Sub-Committees	35
A. GENERAL .....	3
B. COMMITTEE TERMS OF REFERENCE AND DELEGATED POWERS.....	6
Executive Committees .....	8
Other Committees .....	21
Sub-Committees .....	36

## **COMMITTEE TERMS OF REFERENCE AND DELEGATED FUNCTIONS**

### **A. GENERAL**

These terms of reference and delegated functions ("**Committee Terms of Reference**") apply from 29 May 2014 and set out the powers delegated by the City of Edinburgh Council ("**Council**") to its committees and sub-committees ("**Committees**") pursuant to the Local Government (Scotland) Act 1973 (the "**Act**").

#### **1. Delegation to Committees**

- 1.1. Subject to law, to the provisions of these Committee Terms of Reference, and to any restriction, direction or instruction of Council, there shall be delegated to the respective Committees all the functions and matters contained in:
  - 1.1.1. these Committee Terms of Reference;
  - 1.1.2. any scheme made under the Act or statute; and
  - 1.1.3. any minute of the Council making specific delegation to the Committee.

#### **2. Reserved matters**

- 2.1. The following matters are reserved to the Council:
  - 2.1.1. all functions reserved by law to the Council;
  - 2.1.2. determining the strategic objectives of the Council;
  - 2.1.3. election of the Leader, Deputy Leader, Lord Provost, Depute Convener and Bailies;
  - 2.1.4. appointment of committees of the Council, agreeing and/or amending their terms of reference and delegation of functions to them;
  - 2.1.5. deciding the composition of committees of the Council and appointment of members to serve on them, including external members;
  - 2.1.6. appointment of members to serve on joint committees, joint boards and any outside body;
  - 2.1.7. making, amending, revoking, re-enacting or adopting standing orders and Committee Terms of Reference and Delegated Functions;
  - 2.1.8. approving or amending any scheme of delegation to officers;
  - 2.1.9. the annual review of the revenue budget and the fixing of council tax;
  - 2.1.10. the annual review of the capital investment programme and approval of any capital project with a value exceeding £50,000, not included in the capital investment programme;

- 2.1.11. any material expenditure which is not included in the annual revenue budget;
- 2.1.12. members' remuneration;
- 2.1.13. making, amending, revoking, re-enacting or adopting, bye-laws, schemes, regulations or rules made under statute subject to confirmation by Scottish Ministers where applicable;
- 2.1.14. the formal adoption of Local Development Plans;
- 2.1.15. the approval of a Proposed Strategic Development Plan and the delegation of authority to the strategic development planning authority (SESplan);
- 2.1.16. the determination of an application for planning permission for a development of a class mentioned in A38A (i) of the Town and Country Planning (Scotland) Act 1997;
- 2.1.17. appointment and dismissal of the Chief Executive and appointment of a chief official;
- 2.1.18. any decision in relation to any proposal to delegate a power or duty to or accept a delegated power from any other local authority or to co-operate or combine with any other local authority in providing services;
- 2.1.19. promoting or opposing the making of local legislation;
- 2.1.19-2.1.20. creation of Council companies;
- 2.1.20-2.1.21. the preparation and review of the Scheme for Community Councils (Special Meeting);
- 2.1.21-2.1.22. amendments to the Treasury Policy Statement, and
- 2.1.22-2.1.23. approval of the annual Treasury Strategy and annual treasury management performance.

### **3. Committee Membership**

- 3.1 Committee membership will be proportionate according to the elected representation of political parties unless expressly agreed otherwise at a meeting of the full Council.

### **4. Urgent decisions**

- 4.1. If a decision which would normally be made by the Council or a Committee requires to be made urgently between meetings of the Council or Committee, the Chief Executive or appropriate Director, in consultation with the Convener or Vice-Convener, may take action, subject to the matter being reported to the next meeting of the Council or Committee.

**5. Substitutes**

- 5.1. Where permitted by law and where specified in these Committee Terms of Reference, a member may, subject to paragraph 5.2 below appoint a substitute member from his or her political group to attend a meeting of the committee in his or her place, by email to the Clerk in advance of the meeting.
- 5.2. Any member proposed to be appointed as a substitute must, where specified in these Committee Terms of Reference, have completed the appropriate training for the committee concerned.
- 5.3. The substitute member will be a member of the committee for that meeting and will be entitled to take part in the meeting with the full powers, duties and responsibilities of a member.

**6. Convener of Sub-Committee**

- 6.1. The Convener of a sub-committee will be appointed by its parent committee.

**7. Strategic Property**

- 7.1. In these Committee Terms of Reference, “Strategic Property” means Council-owned property that is determined by the Chief Executive or a Director in the relevant committee report, or by the Finance and Resources Committee in considering a committee report, to be of strategic importance to the city’s economy.

## **B. COMMITTEE TERMS OF REFERENCE AND DELEGATED POWERS**

### **1. Corporate Policy and Strategy Committee**

1.1. **Constitution:** 15 Members of the Council including:

- 1.1.1. Leader of the Council
- 1.1.2. Deputy Leader of the Council
- 1.1.3. Convener of the Communities ~~and~~ Neighbourhoods Committee
- 1.1.4. Convener of the Culture and Sport Committee
- 1.1.5. Convener of the Economy Committee
- 1.1.6. Convener of the Education, Children and Families Committee
- 1.1.7. Convener of the Finance and Resources Committee
- 1.1.8. Convener of the Health, Social Care and Housing Committee
- 1.1.9. Convener of the Transport ~~and~~ Environment Committee
- 1.1.10. 3 Conservative
- 1.1.11. 2 Green
- 1.1.12. 1 SLD

#### **Convener and Vice-Conveners**

1.2. The Leader of the Council will be the Convener of the Corporate Policy and Strategy Committee.

1.3. The Deputy Leader of the Council will be the Vice-Convener of the Corporate Policy and Strategy Committee.

#### **Quorum**

1.4. Five members of the Corporate Policy and Strategy Committee will constitute a quorum.

#### **Substitution**

1.5. Substitutes are permitted.

#### **Delegated functions**

1.6. Power is delegated to the Corporate Policy and Strategy Committee to:

- 1.6.1. advise the Council on outcomes, strategic objectives and key priorities;
- 1.6.2. develop and approve Council policies, including community planning and partnership working;
- 1.6.3. adopt and implement the management framework for planning, implementing, reporting and reviewing corporate service delivery;
- 1.6.4. ensure the Council meets its statutory responsibilities in terms of best value;



- 1.6.5. monitor implementation of the Council's business and service plans, corporate strategies, change programmes, corporate initiatives and service reviews;
- 1.6.6. facilitate and encourage public consultation, engagement and participation ensuring the involvement of the community, neighbourhood networks, partners and key stakeholders in the committee decision-making process;
- 1.6.7. instruct such performance information as the committee requires to fulfil its remit and monitor overall performance in the delivery of services and the Council's financial performance;
- 1.6.8. provide strategic oversight of Council events;
- 1.6.9. monitor annually, performance and consistency between executive committees;
- 1.6.10. determine differences between committees except where the difference involves a decision on an individual planning or licensing application; and
- 1.6.11. take all decisions which are not reserved to the Council or delegated to another committee of the Council.

## **Executive Committees**

### **2. Communities and Neighbourhoods Committee**

2.1. **Constitution:** 15 members of the Council as follows:

- 2.1.1. 6 Labour (including the Leader of the Council as an ex-officio member)
- 2.1.2. 5 SNP (including the Deputy Leader of the Council as an ex-officio member)
- 2.1.3. 2 Conservative
- 2.1.4. 1 Green
- 2.1.5. 1 SLD

#### **Convener ~~and~~ Vice Convener**

2.2. The Convener and Vice Convener will be members of the City of Edinburgh Council.

#### **Quorum**

2.3. Five members will constitute a quorum.

#### **Substitution**

2.4. Substitutes are permitted.

#### **Delegated functions**

2.5. Power is delegated to the Communities and Neighbourhoods Committee in relation to the matters listed in paragraph 2.6, to:

- 2.5.1. develop and approve policies, strategies, programmes and projects and work with officers, communities and partners to implement them;
- 2.5.2. take all decisions which are not reserved to the Council or delegated to another committee of the Council;
- 2.5.3. set standards for service delivery and secure value for money;
- 2.5.4. set and monitor corporate standards, consider the necessity of existing service provisions and agree new service proposals;
- 2.5.5. monitor performance, including financial, instructing such performance information as the committee requires to fulfil its remit;
- 2.5.6. set and monitor grant programmes, and award grants;
- 2.5.7. monitor arrangements to ensure best value and continuous improvement across all services;
- 2.5.8. facilitate and encourage public, engagement, consultation, participation and feedback; and

- 2.5.9. review the impact of the committee's policies on the city.
- 2.6. The matters referred to in paragraph 2.5 are as follows:
  - 2.6.1. Capital Coalition pledges 33 and 36;
  - 2.6.2. Neighbourhood plans prepared by neighbourhood committees;
  - 2.6.3. Community planning and the Council's governance arrangements within the Edinburgh Partnership and strategic partnerships within the community planning framework;
  - 2.6.4. Community Councils;
  - 2.6.5. Locality Planning including Total Place Initiatives;
  - 2.6.6. Community Resilience;
  - 2.6.7. The Edinburgh Compact and the third sector;
  - 2.6.8. Co-operative development and service design;
  - 2.6.9. Equalities, social inclusion, poverty and deprivation; and
  - 2.6.10. Customer access and care.

### **3. Culture and Sport Committee**

- 3.1. **Constitution:** 15 members of the Council as follows:

- 3.1.1. 6 Labour (including the Leader of the Council as an ex-officio member)
- 3.1.2. 5 SNP (including the Deputy Leader of the Council as an ex-officio member)
- 3.1.3. 2 Conservative
- 3.1.4. 1 Green
- 3.1.5. 1 SLD

#### **Convener and Vice Convener**

- 3.2. The Convener and Vice Convener will be members of the City of Edinburgh Council.

#### **Quorum**

- 3.3. Five members will constitute a quorum.

#### **Substitution**

- 3.4. Substitutes are permitted.

#### **Delegated functions**

- 3.5. Power is delegated to the Culture and Sport Committee in relation to the matters listed in paragraph 3.6, to:
  - 3.5.1. develop and approve policies, strategies, programmes and projects and work with officers, communities and partners to implement them;
  - 3.5.2. take all decisions which are not reserved to the Council or delegated to another committee of the Council;
  - 3.5.3. set standards for service delivery and secure value for money;

- 3.5.4. set and monitor corporate standards, consider the necessity of existing service provisions and agree new service proposals;
  - 3.5.5. monitor performance, including financial, instructing such performance information as the committee requires to fulfil its remit;
  - 3.5.6. set and monitor grant programmes, and award grants;
  - 3.5.7. monitor arrangements to ensure best value and continuous improvement across all services;
  - 3.5.8. facilitate and encourage public, engagement, consultation, participation and feedback; and
  - 3.5.9. review the impact of the committee's policies on the city.
- 3.6. The matters referred to in paragraph 3.5 are as follows:
- 3.6.1. Capital Coalition pledges 24, 31, 35, 42 and 43;
  - 3.6.2. Arts and museums;
  - 3.6.3. Sport and recreation, outwith the Education, Children and Families' estate, but including Edinburgh Leisure;
  - 3.6.4. Libraries;
  - 3.6.5. Festivals and events; and
  - 3.6.6. Cultural development.

#### **4. Economy Committee**

- 4.1. **Constitution:** 15 members of the Council as follows:

- 4.1.1. 6 Labour (including the Leader of the Council as an ex-officio member)
- 4.1.2. 5 SNP (including the Deputy Leader of the Council as an ex-officio member)
- 4.1.3. 2 Conservative
- 4.1.4. 1 Green
- 4.1.5. 1 SLD

#### **Convener and Vice Convener**

- 4.2. The Convener and Vice Convener will be members of the City of Edinburgh Council.

#### **Quorum**

- 4.3. Five members will constitute a quorum.

#### **Substitution**

- 4.4. Substitutes are permitted.

## **Delegated functions**

- 4.5. Power is delegated to the Economy Committee in relation to the matters listed in paragraph 4.6, to:
- 4.5.1. develop and approve policies, strategies, programmes and non-capital projects and work with officers, communities and partners to implement them;
  - 4.5.2. take all decisions which are not reserved to the Council or delegated to another committee of the Council;
  - 4.5.3. set standards for service delivery and secure value for money;
  - 4.5.4. set and monitor corporate standards, consider the necessity of existing service provisions and agree new service proposals;
  - 4.5.5. monitor performance, including financial, instructing such performance information as the committee requires to fulfil its remit;
  - 4.5.6. set and monitor grant programmes, and award grants;
  - 4.5.7. monitor arrangements to ensure best value and continuous improvement across all services;
  - 4.5.8. facilitate and encourage public, engagement, consultation, participation and feedback; and
  - 4.5.9. review the impact of the committee's policies on the city.
- 4.6. The matters referred to in paragraph 4.5 are as follows:
- 4.6.1. Capital Coalition pledges 7, 15-17, 20-23 and 28-29;
  - 4.6.2. Economic Development;
  - 4.6.3. Council owned surplus property;
  - 4.6.4. External Relations, and
  - 4.6.5. Inward investment.
- 4.7. The Committee has the authority to approve the disposal and development of Strategic Property, subject to ratification by the Finance and Resources Committee.

## **5. Education, Children and Families**

- 5.1. **Constitution:** 22 members of the Council as follows:
- 5.1.1. 8 Labour (including the Leader of the Council as an ex-officio member)
  - 5.1.2. 7 SNP (including the Deputy Leader of the Council as an ex-officio member)
  - 5.1.3. 4 Conservative
  - 5.1.4. 2 Green
  - 5.1.5. 1 SLD

Additional members for education items:

- 5.1.6. 3 Religious Representatives
- 5.1.7. 2 Teacher Representatives
- 5.1.8. 1 Parent Representative

### **Convener ~~and~~ Vice Convener**

- 5.2. The Convener and Vice Convener will be members of the City of Edinburgh Council.

### **Quorum**

- 5.3. Eight members will constitute a quorum except in the case of education business where ten members will constitute a quorum.

### **Substitution**

- 5.4. Substitutes are permitted for all members of the Council and the parent representative.

### **Delegated functions**

- 5.5. Power is delegated to the Education, Children and Families Committee to:
  - 5.5.1. exercise all the functions of the Council as education authority (education business), within the terms of the relevant legislation; and
  - 5.5.2. exercise the functions as social work authority, within the terms of the relevant legislation, in relation to children.
- 5.6. In addition, in relation to the matters listed in paragraph 5.7, to:
  - 5.6.1. develop and approve policies, strategies, programmes and projects and work with officers, communities and partners to implement them;
  - 5.6.2. take all decisions which are not reserved to the Council or delegated to another committee of the Council;
  - 5.6.3. set standards for service delivery and secure value for money;
  - 5.6.4. set and monitor corporate standards, consider the necessity of existing service provisions and agree new service proposals.
  - 5.6.5. monitor performance, including financial, instructing such performance information as the committee requires to fulfil its remit;
  - 5.6.6. set and monitor grant programmes, and award grants;
  - 5.6.7. monitor arrangements to ensure best value and continuous improvement across all services;

- 5.6.8. facilitate and encourage public, engagement, consultation, participation and feedback; and
  - 5.6.9. review the impact of the committee's policies on the city.
- 5.7. The matters referred to in paragraph 5.6 are as follows:
- 5.7.1. Capital Coalition pledges 1-6;
  - 5.7.2. the Council's education, children and families services; and
  - 5.7.3. major capital programmes or projects implementation, asset planning and facilities management for the Council's education, children and families services.

## **6. Finance and Resources Committee**

- 6.1. **Constitution:** 15 members of the Council as follows:

- 6.1.1. 6 Labour (including the Leader of the Council as an ex-officio member)
- 6.1.2. 5 SNP (including the Deputy Leader of the Council as an ex-officio member)
- 6.1.3. 2 Conservative
- 6.1.4. 1 Green
- 6.1.5. 1 SLD

### **Convener ~~and~~ Vice Convener**

- 6.2. The Convener and Vice Convener will be members of the City of Edinburgh Council.

### **Quorum**

- 6.3. Five members will constitute a quorum.

### **Substitution**

- 6.4. Substitutes are permitted.

### **Delegated functions**

- 6.5. Power is delegated to the Finance and Resources Committee in relation to matters listed in paragraph 6.6 to:
- 6.5.1. develop and approve policies, strategies, programmes and projects and work with officers, communities and partners to implement them;
  - 6.5.2. take all decisions which are not reserved to the Council or delegated to another committee of the Council;
  - 6.5.3. set standards for service delivery and secure value for money;
  - 6.5.4. set and monitor corporate standards, consider the necessity of existing service provisions and agree new service proposals;

- 6.5.5. monitor performance, including financial, instructing such performance information as the committee requires to fulfil its remit;
  - 6.5.6. set and monitor grant programmes, and award grants;
  - 6.5.7. monitor arrangements to ensure best value and continuous improvement across all services;
  - 6.5.8. facilitate and encourage public engagement, consultation, participation and feedback; and
  - 6.5.9. review the impact of the committee's policies on the city.
- 6.6. The matters referred to in paragraph 6.5 are as follows:
- 6.6.1. Capital Coalition pledges 25-27, 30 and 41;
  - 6.6.2. Council's revenue and capital budgets;
  - 6.6.3. Council's expenditure and budget policy;
  - 6.6.4. Monitoring the Council's Treasury Management policies and practices;
  - 6.6.5. Council's long term financial plan and opportunities to generate efficiencies;
  - 6.6.6. Council transformation and change programmes;
  - 6.6.7. Procurement, contracts and land transactions;
  - 6.6.8. procurement transformation project;
  - 6.6.9. monitoring of Council debt and debt recovery;
  - 6.6.10. organisational development, workforce planning and resources;
  - 6.6.11. Corporate Governance services within the Council, excluding Audit and Risk and Pensions; but including Corporate Programmes and Corporate Property;
  - 6.6.12. All charitable and other trust funds vested in the Council except where the Council has expressly made other arrangements.
- 6.7. To monitor all of the Council's budgets, in particular to:
- 6.7.1. establish processes and procedures for close monitoring of the budget approved by Council;
  - 6.7.2. receive budget monitoring reports from each service and to ensure close scrutiny of the management of each service budget;



- 6.7.3. call budget holders to account for proper control of the budget for which they are responsible;
  - 6.7.4. monitor the performance of each service against each budget forecast within the budget plan and change programme; and
  - 6.7.5. ensure action plans are in place to meet the budget savings or efficiencies approved by Council, that are not included within the scope of the long term financial plan or budget plan, and to monitor the performance.
- 6.8. To approve the disposal and development of Council owned property other than Strategic Property.
  - 6.9. To consider ratification of any recommendation by the Economy Committee to approve the disposal and development of Strategic Property.

## **7. Health, Social Care and Housing Committee**

- 7.1. **Constitution:** 17 members of the Council as follows:

- 7.1.1. 6 Labour (including the Leader of the Council as an ex-officio member)
- 7.1.2. 5 SNP (including the Deputy Leader of the Council as an ex-officio member)
- 7.1.3. 3 Conservative
- 7.1.4. 2 Green
- 7.1.5. 1 SLD

### **Convener and Vice Convener**

- 7.2. The Convener and Vice Convener will be members of the City of Edinburgh Council.

### **Quorum**

- 7.3. Six members will constitute a quorum.

### **Substitution**

- 7.4. Substitutes are permitted.

### **Delegated functions**

- 7.5. Power is delegated to the Health, Social Care and Housing Committee to:
  - 7.5.1. exercise the functions of the Council as local housing authority; and
  - 7.5.2. exercise the functions of the Council as social work authority, for adults.
- 7.6. In addition, in relation to the matters referred to in paragraph 7.7, to:

- 7.6.1. develop and approve policies, strategies, programmes and projects and work with officers, communities and partners to implement them;
  - 7.6.2. take all decisions which are not reserved to the Council or delegated to another committee of the Council;
  - 7.6.3. set standards for service delivery and secure value for money;
  - 7.6.4. set and monitor corporate standards, consider the necessity of existing service provisions and agree new service proposals;
  - 7.6.5. monitor performance, including financial, instructing such performance information as the committee requires to fulfil its remit;
  - 7.6.6. set and monitor grant programmes, and award grants;
  - 7.6.7. monitor arrangements to ensure best value and continuous improvement across all services;
  - 7.6.8. facilitate and encourage public, engagement, consultation, participation and feedback; and
  - 7.6.9. review the impact of the committee's policies on the city.
- 7.7. The matters referred to in paragraph 7.6 are as follows:
- 7.7.1. Capital Coalition pledges 8-14, 32, 34, 37-39;
  - 7.7.2. Community care services;
  - 7.7.3. Social care;
  - 7.7.4. Offender services;
  - 7.7.5. Welfare reform;
  - 7.7.6. Housing;
  - 7.7.7. Regeneration; and
  - 7.7.8. Community Safety.

## **8. Transport and Environment Committee**

### **8.1. Constitution:** 17 members of the Council as follows:

- 8.1.1. 6 Labour (including the Leader of the Council as an ex-officio member)
- 8.1.2. 5 SNP (including the Deputy Leader of the Council as an ex-officio member)
- 8.1.3. 3 Conservative
- 8.1.4. 2 Green
- 8.1.5. 1 SLD

### **Convener and & Vice Convener**

- 8.2. The Convener and Vice Convener will be members of the City of Edinburgh Council.

### **Quorum**

- 8.3. Six members will constitute a quorum.

**Substitution**

- 8.4. Substitutes are permitted.

**Delegated functions**

- 8.5. Power is delegated to the Transport and Environment Committee in relation to the matters listed in paragraph 8.6, to:

- 8.5.1. develop and approve policies, strategies, programmes and projects and work with officers, communities and partners to implement them;
- 8.5.2. take all decisions which are not reserved to the Council or delegated to another committee of the Council or officers;
- 8.5.3. set standards for service delivery and secure value for money;
- 8.5.4. set and monitor corporate standards, consider the necessity of existing service provisions and agree new service proposals;
- 8.5.5. monitor performance, including financial, instructing such performance information as the committee requires to fulfil its remit;
- 8.5.6. set and monitor grant programmes, and award grants;
- 8.5.7. monitor arrangements to ensure best value and continuous improvement across all services;
- 8.5.8. facilitate and encourage public, engagement, consultation, participation and feedback; and
- 8.5.9. review the impact of the committee's policies on the city.

- 8.6. The matters referred to in paragraph 8.5 are as follows:

- 8.6.1. Capital Coalition pledges 18-19 and 44-53;
- 8.6.2. Tram project;
- 8.6.3. Strategic Transport Planning;
- 8.6.4. Traffic management, roads and parking;
- 8.6.5. Public transport;
- 8.6.6. Public Realm Projects;
- 8.6.7. Sustainability, carbon reduction and energy issues;
- 8.6.8. Flood prevention;
- 8.6.9. Waste services and Environmental Wardens;
- 8.6.10. Environmental health and trading standards;
- 8.6.11. Parks and green space; and
- 8.6.12. Street cleaning and open space maintenance.

## **9. Governance, Risk and Best Value Committee**

9.1. **Constitution:** 13 members of the Council as follows:

- 9.1.1. 5 Labour
- 9.1.2. 3 SNP
- 9.1.3. 2 Conservative
- 9.1.4. 1 Green
- 9.1.5. 1 SLD
- 9.1.6. 1 Independent

### **Convener**

9.2. The [Convener](#) of the committee will be a member of the opposition.

### **Quorum**

9.3. Five members of the Governance, Risk and Best Value Committee will constitute a quorum.

### **Substitution**

9.4. Substitutes are permitted from members of the Council who have undertaken and completed appropriate training specified by the Director of Corporate Governance.

### **Delegated functions**

9.5. Power is delegated to the Governance, Risk and Best Value Committee to exercise the following functions:

- 9.5.1. To monitor the financial performance of the Council and its subsidiary undertakings, the effectiveness of the Council's audit and inspection, risk management and governance arrangements and of the control environment of the Council and associated anti-fraud and anti-corruption arrangements; including:
  - (a) Council Budgets;
  - (b) Management of Council assets;
  - (c) The Council's Treasury Management strategy and policies;
  - (d) Control, monitoring and review of income and expenditure, both revenue and capital;
  - (e) Council subsidiaries;
  - (f) Civic matters;
- 9.5.2. Scrutinising information on:
  - (a) Council Budgets;
  - (b) Management of Council assets;
  - (c) The Council's Treasury Management strategy and policies;
  - (d) Control, monitoring and review of income and expenditure, both revenue and capital;
  - (e) Council subsidiaries;
  - (f) Civic matters;

(g) Children's Panel; and

(h) Common Good Fund.

- 9.5.3. Monitoring the annual audit plan and reviewing all Council audit and inspection work against the plan.
- 9.5.4. Receiving and considering summaries of internal and external audit reports which relate to any issue falling within the remit of this committee.
- 9.5.5. Monitoring internal controls, corporate risk management and key operational governance areas.
- 9.6. Scrutiny on a specific issue should follow a committee decision.
- 9.7. To instruct a report on any matter within the remit of an executive committee but where a decision is yet to be taken; the report as instructed will initially be considered by the executive committee.
- 9.8. Referring back to the appropriate Executive Committee for its consideration any financial performance issue, which might have implications for policy development within the remit of the Executive Committee
- 9.9. To scrutinise the operational performance of all council services and Council subsidiaries in relation to the Council's agreed pledges, outcomes, policy objectives and statutory performance targets, including:
  - 9.9.1. considering information that relate to issues falling within the remit of Council services, including complaints handling, customer care and ombudsman reports;
  - 9.9.2. monitoring employment, organisational development and equalities issues as they relate to the operation of the council corporately and to its individual services; and
  - 9.9.3. scrutinising major projects and programmes, service reviews and transformational change.
- 9.10. To invite Conveners or Vice-Conveners to attend committee, and where appropriate, to question and hold them to account on the operational or financial performance of any service area falling within their remit.
- 9.11. To refer back to the appropriate Executive Committee for its consideration any service performance issues that might have implications for policy development coming within the remit of the Executive Committee
- 9.12. To initiate and undertake planned scrutiny reviews of any matter falling within the remit of this committee or specific scrutiny reviews requested by the Corporate Policy ~~and~~ Strategy Committee or an Executive Committee.

- 9.13. To promote the observance by Councillors of high standards of conduct and assist them in observing the code of conduct, in accordance with any guidance issued by the Standards Commission for Scotland.
- 9.14. To report, as required, on any matter within the committee's remit to Council.

## **10. Petitions Committee**

- 10.1. **Constitution:** 10 members of the Council as follows:

- 10.1.1. 3 Labour
- 10.1.2. 3 SNP
- 10.1.3. 2 Conservative
- 10.1.4. 1 Green
- 10.1.5. 1 SLD

### **Convener**

- 10.2. The Convener of the Committee will be a member of the opposition.

### **Quorum**

- 10.3. Four members of the Petitions Committee will constitute a quorum.

### **Substitution**

- 10.4. Substitutes are permitted.

### **Delegated functions**

- 10.5. Power is delegated to the Petitions Committee to:

- 10.5.1. consider petitions addressed to the City of Edinburgh Council in accordance with the Council's approved petitions procedure and determine the appropriate action to be taken within the terms of the procedure.

- 10.6. The Council is unable to consider petitions that:

- 10.6.1. are sub-judice and the subject of current court proceedings;
- 10.6.2. are outwith the Council's powers and remits;
- 10.6.3. relate to a matter that is within the scope of the current key decisions forward plans of the Corporate Policy and Strategy Committee or the Executive Committees or within the work programmes of the Policy Development and Review Sub-Committees and the Governance, Risk and Best Value Committee; and
- 10.6.4. relate to a decision of the Council or Committee within the previous six-month period.

## **Other Committees**

### **11. Committee on Discretionary Rating Relief Appeals**

11.1. **Constitution:** 5 members of the Council as follows:

- 11.1.1. 2 Labour
- 11.1.2. 2 SNP
- 11.1.3. 1 Conservative

#### **Convener**

11.2. The Convener will be a member of the City of Edinburgh Council.

#### **Quorum**

11.3. Two members of the Committee on Discretionary Rating Relief Appeals will constitute a quorum

#### **Substitution**

11.4. Substitutes are permitted.

#### **Delegated functions**

11.5. Power is delegated to the Committee on Discretionary Rating Relief Appeals:

- 11.5.1. To review decisions taken by the Director of Corporate Governance to refuse discretionary rating relief;
- 11.5.2. To consider representations from organisations or individuals, justifying the granting of discretionary rating relief to them;
- 11.5.3. To decide whether or not to grant discretionary rating relief as a result of considering the organisation's or individual's representations; and
- 11.5.4. To decide what, if any, conditions should be fulfilled prior to discretionary rating relief being granted.

### **12. Leadership Advisory Panel**

12.1. **Constitution:** 5 members of the [Council](#) as follows:

- 12.1.1. Leader of the Council
- 12.1.2. Deputy Leader of the Council
- 12.1.3. Conservative Group Leader
- 12.1.4. Green Group Leader
- 12.1.5. Scottish Liberal Democrat Group Leader
- 12.1.6. three statutory representatives, appointed by the Education, Children and Families Committee when considering education business

**Convener**

- 12.2. The Convener of the Committee will be the Leader of the Council.

**Quorum**

- 12.3. Two members of the Leadership Advisory Panel will constitute a quorum except on education business when the quorum will be three members.

**Substitution**

- 12.4. Substitutes are permitted for members of the Council only



### **Delegated functions**

12.5. Power is delegated to the Leadership Advisory Panel:

12.5.1. To decide any matter of urgency arising during any recess period, subject to the provision of any relevant enactment, to exercise all functions of the Council or Committee, which would otherwise have dealt with the matter that:

- (a) can not await the resumption of the normal meetings timetable; and
- (b) can not appropriately be decided by the Chief Executive or Director in accordance with urgency provisions within these Committee Terms of Reference.

### **13. Planning Committee**

13.1. **Constitution:** 15 members of the Council as follows:

- 13.1.1. 6 Labour
- 13.1.2. 5 SNP
- 13.1.3. 3 Conservative
- 13.1.4. 1 Green

#### **Convener and Vice-Convener**

13.2. The Convener and Vice-Convener will be ~~a~~s members of the City of Edinburgh Council.

#### **Quorum**

13.3. Five members of the Planning Committee will constitute a quorum.

#### **Substitution**

13.4. Substitutes are permitted from members of the Council who have undertaken and completed appropriate training specified by the Head of Planning.

~~13.4. Substitutes are not permitted.~~

#### **Delegated functions**

13.5. Power is delegated to the Planning Committee:

- 13.5.1. To exercise the functions of the Council as planning and statutory addressing authority and to determine planning policies;
- 13.5.2. To express and interpret these policies as specific tasks and projects and set service standards;
- 13.5.3. To review performance in the delivery of services, the achievement of service standards and the impact of the Committee's activities on the City;

- 13.5.4. To conduct relations with external bodies relevant to the Committee's service responsibilities, including approval of a response to proposals by other authorities or bodies on which the Council is being consulted;
- 13.5.5. To refer final Development Plans to the Full Council for approval;
- 13.5.6. To refer to the Corporate Policy and Strategy Committee, prior to consideration by the Planning Committee, an annual report on the performance and customer focus of the planning process and its contribution to broader council agendas;
- 13.5.7. To appoint representatives on outside bodies relevant to the committee's service responsibilities;
- 13.5.8. To take decisions in pursuit of the committee's policies, subject to compliance with corporate personnel and financial policies and regulations;
- 13.5.9. To determine any charges for services provided by the committee; and
- 13.5.10. To provide financial assistance, in pursuit of the committee's policies.

#### **14. Pensions Committee**

14.1. **Constitution:** 5 members of the Council as follows:

- 14.1.1. 2 Labour
- 14.1.2. 1 SNP
- 14.1.3. 1 Conservative
- 14.1.4. 1 Independent
- 14.1.5. 2 external members nominated by the Lothian Pension Funds Consultative Panel, 1 employer and 1 member representative.

#### **Convener**

14.2. The Convener will be a member of the City of Edinburgh Council.

#### **Quorum**

14.3. Three members of the Pensions Committee will constitute a quorum. **Substitution**

14.4. Substitutes are permitted from members of the Council who have undertaken and completed appropriate training specified by the Director of Corporate Governance.

#### **Delegated functions**

14.5. Power is delegated to the Pensions Committee to:

- 14.5.1. exercise all functions of the pension funds, within the terms of the legislation;

- 14.5.2. determine the overall policy objectives of the pension funds in accordance with the best interests of fund members and with relevant legislation;
  - 14.5.3. determine the strategy for the investment of pension funds monies including the variety and suitability of investments and to review and monitor investment arrangements;
  - 14.5.4. ensure appropriate investment management arrangements are in place for pension funds monies and to review investment manager performance;
  - 14.5.5. establish and maintain arrangements for the effective management and administration of the pension funds including staffing and budgetary arrangements.
  - 14.5.6. approve the allocation of resources to the Investment and Pensions Division from the Revenue Budget and Capital Investment Programme of the pension funds;
  - 14.5.7. approve responses to consultation papers issued by government and other authorities; and
- 14.6. monitor overall performance of the pension funds in the delivery of services and financial performance. consider all matters in respect of the pension funds and, where relevant, in respect of the administration of the fire-fighters pensions schemes on behalf of Lothian and Borders Fire and Rescue Service, including:
- 14.6.1. determining policies for the management and regulation of the Investment and Pensions Division within the strategic policy and planning framework approved by the Council;
  - 14.6.2. approving strategies, programmes and projects and work with officers and partners to implement them;
  - 14.6.3. setting standards for service delivery;
  - 14.6.4. securing best value in the provision of services;
  - 14.6.5. taking all executive decisions in respect of the pension funds and the fire-fighters pension scheme which are not reserved to the Council or delegated to another committee of the Council;
  - 14.6.6. ensuring systematic appraisal of the control environment and framework of internal controls in respect of the Investment and Pensions Division to provide reasonable assurance of effective and efficient operations and compliance with laws and regulations;
  - 14.6.7. promoting the development of an appropriate risk management strategy and risk management procedures;
  - 14.6.8. ensuring highest standards of probity and public accountability;

- 14.6.9. ensuring sound financial procedures are in place for authorising and monitoring expenditure;
- 14.6.10. agreeing internal audit plans and to ensure internal audit work is properly planned with due regard to risk, materiality and coverage;
- 14.6.11. overseeing and review action taken on internal audit recommendations;
- 14.6.12. reviewing all matters relating to external audit, including audit plan, action points and reports, and to monitor implementation of external audit recommendations; and
- 14.6.13. promoting, monitoring and developing continuous improvement.

## **15. Personnel Appeals Committee**

15.1. **Constitution:** 9 members of the Council as follows:

- 15.1.1. 3 Labour
- 15.1.2. 3 SNP
- 15.1.3. 2 Conservative
- 15.1.4. 1 Green

### **Convener**

15.2. The Convener will be a member of the City of Edinburgh Council.

### **Quorum**

15.3. Three members of the Personnel Appeals Committee will constitute a quorum.

### **Substitution**

15.4. Substitutes are permitted.

### **Delegated functions**

15.5. Power is delegated to the Personnel Appeals Committee to:

- 15.5.1. hear and decide appeals on a decision taken, or a failure to take a decision, by a Director, or his/her nominee, under the Procedures for Hearing Employee Grievances.
- 15.5.2. hear and decide appeals to a decision to:
  - (a) dismiss or take other forms of punitive disciplinary action; and
  - (b) issue a warning, oral or written under the Procedure for Consideration of Appeals by Directors against Disciplinary Action and the Procedure for Consideration of Appeals against Disciplinary Action.

- 15.5.3. hear and decide disputes under the Avoidance of Industrial Disputes Procedure.
- 15.5.4. decide appeals from teaching staff in regard to the application and interpretation of the terms of the Scheme of Salaries and Conditions of Service for Teaching Staff in School Education.

## **16. Placing In Schools Appeals Committee**

- 16.1. **Constitution:** One person from each of the following panels:
- 16.2. Panel 1: All members of Council, religious and teacher and any parent representatives on the Education, Children and Families Committee.
- 16.3. Panel 2: Parents of children of school ages.
- 16.4. Panel 3: Persons with experience in education and acquainted with educational conditions in the Council's area, nominated by the Director of Children and Families.

### **Convener Chair**

- 16.5. Each meeting appoints a Convener Chair.

### **Quorum**

- 16.6. Three members of the Placing in Schools Appeals Committee will constitute a quorum. ~~A member from each Panel outlined in paragraphs 17.2-17.4 above must be represented at any meeting.~~

### **Substitution**

- 16.7. Substitutes are only permitted from the same Panel.

### **Delegated functions:**

- 16.8. Power is delegated to the Placing in Schools Appeals Committee:
  - 16.8.1. To hear and decide appeals ~~from parents~~ against decisions of the Council to refuse placing requests and exclude pupils all in terms of Section 28 C, D, E, G and H of the Education (Scotland) Act 1980 as amended; and
  - 16.8.2. To consider appeals ~~from parents~~ against decisions by the Director of Children and Families to refuse early admission to school.

## **17. Police and Fire Scrutiny Committee**

- 17.1. **Constitution:** 10 members of the Council as follows:
  - 17.1.1. 3 Labour
  - 17.1.2. 3 SNP
  - 17.1.3. 2 Conservative

- 17.1.4. 1 Green
- 17.1.5. 1 SLD

**Convener and Vice-Convener**

- 17.2. The Convener and Vice-Convener will be a member of the City of Edinburgh Council.

**Quorum**

- 17.3. Four members of the Police and Fire Scrutiny Committee will constitute a quorum.

**Substitution**

- 17.4. Substitutes are permitted.

**Delegated functions:**

- 17.5. For the City of Edinburgh Council, this continuing involvement to advise, agree, scrutinise and review the Edinburgh Police and Fire and &-Rescue plans and services to:

- 17.5.1. Consider and recommend improvements in local policing and fire and rescue services.

- 17.5.2. To recommend priorities and objectives for the policing of the area to the local commander;

- 17.5.3. To agree the Police and Fire and &-Rescue local plans;

- 17.5.4. To scrutinise and review the outcomes, priorities and objectives set out in the local plan(s);

- 17.5.5. To contribute to the delivery of national outcome 9 'we live our lives safe from crime, disorder and danger' and the City of Edinburgh Single Outcome Agreement (SOA), in particular 'Edinburgh's communities are safer and have improved physical and social fabric.'

- 17.5.6. To consider and monitor progress and performance on the implementation of the Edinburgh Police and Fire and &-Rescue Plans and services;

- 17.5.7. To receive statistical reports on complaints about policing and fire and & rescue in Edinburgh;

- 17.5.8. To provide comments in response to consultations on policing and fire and & rescue services;

- 17.5.9. To promote engagement with all interested parties including community planning partners and neighbourhood partnerships;

- 17.5.10. To make representations to the national authorities, as required, in relation to wider scrutiny issues and concerns; and

17.5.11. To invite external witnesses to aid in the scrutiny of police and fire &and rescue services.

## **18. ~~Pupil and Student Support Committee~~ on Pupil Student Support**

18.1. **Constitution:** 5 members of the Council as follows:

- 18.1.1. 1 Labour
- 18.1.2. 1 SNP
- 18.1.3. 1 Conservative
- 18.1.4. 1 Green
- 18.1.5. 1 SLD
- 18.1.6. 1 religious representative from the Education, Children and Families Committee

### **Convener**

18.2. The Convener will be a member of the City of Edinburgh Council.

### **Quorum**

18.3. Two members of the Committee on Pupil and Student Support will constitute a quorum.

### **Substitution**

18.4. Substitutes are permitted.

### **Delegated functions:**

18.5. To consider school placing requests, and decide the priority order of placing requests.

## **19. Recruitment Committee**

19.1. **Constitution:** 7 members of the Council as follows:

- 19.1.1. Leader of Council
- 19.1.2. Deputy Leader of the Council
- 19.1.3. Convener of the Finance and Resources Committee
- 19.1.4. ~~Relevant Appropriate~~ Convener or Vice-Convener for the role
- 19.1.5. A representative from each of the opposition groups

### **Convener**

19.2. The Convener of the committee will be the Leader of the Council.

### **Quorum**

19.3. Three members of the Recruitment Committee will constitute a quorum.

### **Substitution**

19.4. Substitutes are permitted from members of the Council who have undertaken and completed appropriate training specified by the Director of Corporate Governance and in line with the relevant Council policy.

~~19.4. Substitutes are permitted.~~

#### **Delegated functions**

19.5. Power is delegated to the Recruitment Committee to short list and interview candidates and recommend an appointment to the Council for posts at Chief Executive, Director and Heads of Service Division level (Chief Officials).

### **20. Regulatory Committee**

20.1. **Constitution:** 9 members of the Council as follows:

- 20.1.1. 3 Labour
- 20.1.2. 3 SNP
- 20.1.3. 2 Conservative
- 20.1.4. 1 Green

#### **Convener and Vice-Convener**

20.2. The Convener and Vice-Convener will be ~~a~~ members of the City of Edinburgh Council.

#### **Quorum**

20.3. Three members ~~of the Regulatory Committee~~ will constitute a quorum.

#### **Substitution**

20.4. Substitutes are permitted from members of the Council who have undertaken and completed appropriate training specified by the Director of Corporate Governance.

#### **Delegated functions**

20.5. Power is delegated to the Regulatory Committee to:

- 20.5.1. exercise the functions of the Council as Licensing authority under the Civic Government (Scotland) Act 1982 and other statutory provisions which are not within the remit of any other Committee.
- 20.5.2. exercise the functions of the Council on all licensing functions which are not reserved to the Council, its officers or delegated to another Committee.
- 20.5.3. determine individual applications for registration and licences under the Civic Government (Scotland) Act and other statutory provisions which are not delegated to officers, in accordance with approved policies.



- 20.5.4. express and interpret licensing policies as specific projects, to set service standards and monitor performance in the delivery of services including financial performance relating to Regulatory Committee matters.
- 20.5.5. liaise with external bodies relevant to the Committee's service area, considering and approving responses to consultation proposals.
- 20.5.6. appoint representatives to outside bodies within the Committee's remit.
- 20.5.7. approve charges as required by statute and determine licence fees.
- 20.5.8. determine applications for road construction consent which are not delegated to the Director of Services for Communities.
- 20.5.9. determine applications for permission to place tables and chairs on footways which are recommended for refusal by the Director of Services for Communities.
- 20.5.10. exercise the Council's responsibilities in respect of safety at sports grounds.
- 20.5.11. exercise the Council's functions regarding notification of parades and processions so far as not delegated to officers.

## **21. Social Work Complaints Review Committee**

### **Constitution:**

- 21.1. All trained members, other than members of the Education, Children and Families and the Health Social Care and Housing Committees; independent members appointed by Council.

### **Convener**

- 21.2. Each meeting appoints a Convener, who should be an independent member.

### **Quorum**

- 21.3. Any three members from the membership appointed by the Council, at least two of whom should be independent members.

### **Substitution**

- 21.4. Substitutes are permitted.

### **Delegated functions**

- 21.5. Power is delegated to the Social Work Complaints Review Committee to consider complaints with regard to the discharge of social work functions and make recommendations to the Education, Children and Families Committee or Health, Social Care and Housing Committee as appropriate.

## **22. The City Of Edinburgh Planning Local Review Body**

- 22.1. **Constitution:** 5 members of the Council as follows:

- 22.1.1. Any five members who are also members of the Planning Committee.

### **Convener**

- 22.2. Each meeting appoints a Convener.

### **Quorum**

- 22.3. Three members of the City of Edinburgh Planning Review Body will constitute a quorum.

### **Substitution**

- 22.4. Substitutes are only permitted from the pool of trained members of the Planning Committee.

### **Delegated functions:**

- 22.5. Power is delegated to the City Of Edinburgh Planning Local Review Body to fulfil the obligations of the Council, as planning authority, under section 43A of the Town and County Planning (Scotland) Act 1997 for the conduct of reviews.

### **23. Committee on the Jean F Watson Bequest**

- 23.1. **Constitution:** 8 members of the council as follows:

- 23.1.1. 3 Labour
- 23.1.2. 2 SNP
- 23.1.3. 2 Conservative
- 23.1.4. 1 Green
- 23.1.5. one nominee of Friends of City Art Centre
- 23.1.6. two external members appointed by the Director of Corporate Governance, in consultation with the Convener.

#### **Convener**

- 23.2. The Convener of the Committee will be a member of the City of Edinburgh Council.

#### **Quorum**

- 23.3. Four members of the Committee on the Jean F Watson Bequest will constitute a quorum.

#### **Substitution**

- 23.4. Substitutes are permitted.

#### **Delegated functions:**

- 23.5. Power is delegated to the Committee on the Jean F Watson Bequest to:

- 23.5.1. Use monies from the Jean F Watson Bequest to purchase and commission for the City's collection works of artists and craftspeople born, practising in, or otherwise associated with Scotland, and in particular Edinburgh; all decisions to be guided by the Collection and Disposal Policy for the City Museums and Galleries.
- 23.5.2. Use monies from the Catherine E Cowper Trust to purchase and commission items for the Museum of Childhood; all decisions to be guided by the Collection and Disposal Policy for the City Museums and Galleries.

## **24. Neighbourhood Partnerships**

24.1. **Constitution:** Membership of each Neighbourhood Partnership should include:

- 24.1.1. Councillors from the ward or wards which make up the Neighbourhood Partnership area;
- 24.1.2. a representative from the Police Service of Scotland;
- 24.1.3. a representative from the Scottish Fire and Rescue Service;
- 24.1.4. a representative from NHS Lothian;
- 24.1.5. representatives from Community Councils (from the Neighbourhood Partnership area), or representatives from another properly constituted community organisation in the area should there be no Community Council;
- 24.1.6. a voluntary agency representative (from ~~in~~ the Neighbourhood Partnership area);
- 24.1.7. representatives from other bodies able to make a specific contribution may be invited to participate by the Partnership; and
- 24.1.8. Neighbourhood Partnerships may invite other individuals and/or representatives of other public, private or voluntary organisations with expertise or interest in their area, either as regular participants or for a specific issue. These other individuals will not have voting rights.

24.2. There will be an equal number of Councillors and Community Council representatives

### **Convener and Vice-Conveners**

24.3. The Convener will be a member of the City of Edinburgh Council

### **Quorum**

24.4. Subject to law the quorum of a Neighbourhood Partnership will be one third of the number of voting members of the Neighbourhood Partnership. In no case will any business be transacted unless at least two voting members are present.

### **Substitution**

24.5. Substitutes are permitted.

### **Delegated functions**

24.6. Power is delegated to the Neighbourhood Partnerships:

- 24.6.1. to make recommendations to the relevant neighbourhood manager on the services planned and/or delivered within that Neighbourhood Partnership area;
- 24.6.2. to refer to the Communities and Neighbourhoods Committee for consideration any financial or performance issue which might have implications for the policy or programme development within the remit of the Communities and Neighbourhoods Committee;

- 24.6.3. To report, as required, on any matter within the Neighbourhood Partnership's remit to the Communities and Neighbourhoods Committee;
- 24.6.4. To create sub-groups as necessary to advise the Neighbourhood Partnership;
- 24.6.5. To refer back to Council, the appropriate Executive Committee, director, directorate, partner authority or organisation guidance or feedback on the exercise of functions delegated to them; and
- 24.6.6. Each NP shall submit to the Communities and Neighbourhoods Committee and the Edinburgh Partnership an annual report on progress that must include details of performance for the year past and a financial report covering the same period.

## Sub-Committees

### 25. Development Management Sub-Committee (Parent: Planning Committee)

25.1. **Constitution:** All 15 members of the Planning Committee, as follows:-

- 25.1.1. 6 Labour
- 25.1.2. 5 SNP
- 25.1.3. 3 Conservative
- 25.1.4. 1 Green

#### Convener [and Vice-Convener](#)

25.2. The Convener [and Vice-Convener](#) will be a member of the City of Edinburgh Council.

#### Quorum

25.3. Five members of the Development Management Sub-Committee will constitute a quorum.

#### Substitution

~~25.4. Substitutes are permitted from members of the Council who have undertaken and completed appropriate training specified by the Head of Planning.~~

~~25.4. Substitutes are not permitted.~~

#### Delegated Functions

25.5. To discharge all functions of Management of Development Control required under the Planning Acts including the determination of planning applications (except for applications for National Developments and major developments significantly contrary to the Development Plan which require to be determined by full Council, or applications under the Council's Scheme of Delegation for Local Developments).

25.6. To determine applications for High Hedge Notices and withdraw or vary such notices as prescribed under the High Hedges (Scotland) Act 2013.

25.7. To determine cases for street naming and the numbering of properties.

### 26. Licensing Sub-Committee (Parent: Regulatory Committee)

26.1. **Constitution:** 9 members of the Council as follows:

- 26.1.1. 3 Labour
- 26.1.2. 3 SNP
- 26.1.3. 2 Conservative
- 26.1.4. 1 Green

#### Convener [and Vice-Convener](#)

- 26.2. The Convener of the Licensing Sub-Committee is the Convener of the Regulatory Committee and the Vice-Convener of the Licensing Sub-Committee is the Vice-Convener of the Regulatory Committee.

#### **Quorum**

- 26.3. Three members ~~of the Licensing Sub-Committee will~~ constitute a quorum.

#### **Substitution**

- 26.4. Substitutes are permitted from members of the Council who have undertaken and completed appropriate training specified by the Director of Corporate Governance.

#### **Delegated functions:**

- 26.5. Power is delegated to the Licensing Sub-Committee to:

- 26.5.1. exercise the functions of the Council as Licensing authority under the Civic Government (Scotland) Act 1982 and other statutory provisions which are not within the remit of any other Committee;
- 26.5.2. exercise the functions of the Council on all licensing functions which are not reserved to the Council, its officers or delegated to another Committee;
- 26.5.3. determine individual applications for registration and licences under the Civic Government (Scotland) Act and other statutory provisions which are not delegated to officers, in accordance with approved policies;
- 26.5.4. determine applications for road construction consent not delegated to the Director of Services for Communities;
- 26.5.5. determine applications for permission to place tables and chairs on footways recommended for refusal by the Director of Services for Communities;
- 26.5.6. exercise the Council's responsibilities in respect of safety at sports grounds; and
- 26.5.7. exercise the Council's functions regarding notification of parades and processions so far as not delegated to officers.

### **27. Pensions Audit Sub-Committee (Parent: Pensions Committee)**

#### **Constitution**

- 27.1. Three members from the Pensions Committee of which a minimum are two City of Edinburgh elected members.

#### **Quorum**

27.2. Two members of the Pensions Audit Sub Committee will constitute a quorum.

**Convener**

27.3. The Convener of the Pensions Audit Sub-Committee will be appointed from the membership of the Pensions Committee, excluding the Convener of that committee.

**Substitution**

27.4. Substitutes are permitted from members of the Council who have undertaken and completed appropriate training specified by the Director of Corporate Governance.

**Delegated functions**

27.5. Power is delegated to the Pensions Audit Sub-Committee to consider and make appropriate recommendation(s) to the Pensions Committee:

27.5.1. To ensure systematic appraisal of the control environment and framework of internal control of pension funds to provide reasonable assurance of the effective and efficient operations and compliance with laws and regulations;

27.5.2. To promote the development of an appropriate risk management strategy and risk management procedures;

27.5.3. To ensure the highest standards of probity and public accountability;

27.5.4. To ensure sound financial procedures are in place for authorising and monitoring expenditure;

27.5.5. To review the annual financial statements of the pension funds [and the International Standard on Auditing 260 (ISA 260) communication of audit matters;

27.5.6. To agree internal audit plans and to ensure that internal audit work is planned with due regard to risk, materiality and coverage;

27.5.7. To oversee in light of the audit plan the performance of the audit service;

27.5.8. To oversee and review action taken on internal audit recommendations; and

27.5.9. To review all matters relating to external audit, including audit planning, action points and reports, and to monitor the implementation of external audit recommendations.

**28. Property Sub-Committee (Parent: Finance and Resources Committee)**

28.1. **Constitution:** 10 members of the Council as follows:

28.1.1. 3 Labour



- 28.1.2. 3 SNP
- 28.1.3. 2 Conservative
- 28.1.4. 1 Green
- 28.1.5. 1 SLD

**Convener**

- 28.2. The Convener will be a member of the City of Edinburgh Council.

**Quorum**

- 28.3. Four members of the Property Sub-Committee will constitute a quorum.

**Substitution**

- 28.4. Substitutes are permitted.

**Delegated functions:**

- 28.5. Power is delegated to the Property Sub-Committee to:

28.5.1. oversee the work programme arising from the Council and Police investigations into the Council's Property Service including the Property Conservation and Property Care Services; and

28.5.2. to take decisions in relation to the Council's Property Service that fall within the remit of the Finance and Resources Committee on the following:

(a) progress in resolving financial risks;

(b) progress in dealing with complaints from owners and the associated legal and insurance risks;

(c) action relating to contractors, and

(d) new service re-redesign issues.

**29. Special Sub-Committee on Adult Social Care (Parent: Health, Social Care and Housing Committee)**

- 29.1. **Constitution:** 5 members of the Council as follows:

- 29.1.1. 1 Labour
- 29.1.2. 1 SNP
- 29.1.3. 1 Conservative
- 29.1.4. 1 Green
- 29.1.5. 1 SLD

**Convener**

- 29.2. The parent committee appoints the Convener.

### **Quorum**

- 29.3. Two members of the Special Sub-Committee on Adult Social Care will constitute a quorum.

### **Substitution**

- 29.4. Substitutes are permitted.

### **Delegated functions**

- 29.5. Power is delegated to the Special Sub-Committee on Adult Social Care to:
- 29.5.1. maintain an overview of the quality of social work experience for Edinburgh's citizens by considering reports of HMI, SWIA, and Care Commission inspections and internal reviews of health and social care establishments and services, and action taken;
  - 29.5.2. monitor the implementation of new initiatives relating to quality;
  - 29.5.3. maintain an overview of the implementation of national and local policies.
  - 29.5.4. address issues relating to the work of services which arise during the course of the business of the sub-committee and make recommendations to the Health, Housing and Social Care Committee;
  - 29.5.5. celebrate the success of services, including identification of examples of good practice; and
  - 29.5.6. provide a high quality experience for officers and sub-committee members by adopting an agreed set of protocols for the conduct of Special Sub-Committees.

## **30. Sub-Committee on Standards for Children and Families (Parent: Education, Children and Families Committee)**

- 30.1. **Constitution:** 9 Members in total comprising of 1 religious representative and 8 Members of the Council as follows:
- 30.1.1. 3 Labour
  - 30.1.2. 2 SNP
  - 30.1.3. 2 Conservative
  - 30.1.4. 1 Green

### **Convener**

- 30.2. The parent committee will appoint the convener.

### **Quorum**

- 30.3. Three members will constitute a quorum.

### **Substitution**

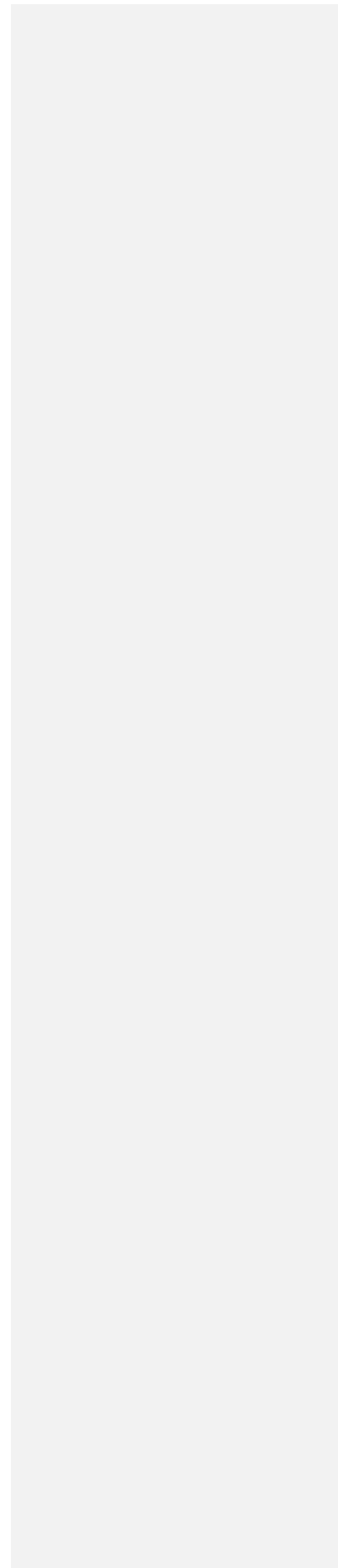
- 30.4. Substitutes are permitted.

### **Delegated functions**

- 30.5. Power is delegated to the Sub-Committee on Standards for Children and Families to:

- 30.5.1. Provide oversight of the quality of education and care experiences for young people in the City of Edinburgh by scrutinising the reports and follow up actions of Education Scotland inspections in schools;
- 30.5.2. Consider an annual report on Care Inspectorate inspections in early years provision;
- 30.5.3. Consider individual reports on Care Inspectorate inspections in residential schools, care services for children and local authority reviews of service areas, establishments and units;
- 30.5.4. Monitor the implementation of initiatives relating to quality improvement and assurance, and attainment and achievement;
- 30.5.5. Maintain an overview of the implementation of national and local policies specifically related to quality standards by officers, establishments and services;
- 30.5.6. Contribute to the support and challenge agenda within the context of establishment plans; and
- 30.5.7. Celebrate the success of establishments, units, teams and the service including recognising items of good practice.

**CITY OF EDINBURGH COUNCIL  
SCHEME OF DELEGATION TO  
OFFICERS**



## Contents

	<u>Page</u>
<b>1. GENERAL</b>	<b>4</b>
Scheme	4
Principles of delegation	5
<b>2. CONSULTATION WITH ELECTED MEMBERS</b>	<b>6</b>
Politically controversial matters and material decisions	6
Local members	6
Responsibility to inform	6
Reports	6
<b>3. DELEGATION</b>	<b>7</b>
Delegated authority	7
Urgency	8
Material decisions	8
Major Projects	9
Contracts Standing Orders	10
<b>4. DELEGATION TO CHIEF EXECUTIVE</b>	<b>10</b>
<b>5. DELEGATION TO DIRECTORS</b>	<b>11</b>
<b>6. DELEGATION TO THE DIRECTOR OF CHILDREN AND FAMILIES</b>	<b>11</b>
<b>7. DELEGATION TO THE DIRECTOR OF ECONOMIC DEVELOPMENT</b>	<b>11</b>
<b>8. DELEGATION TO THE DIRECTOR OF CORPORATE GOVERNANCE</b>	<b>12</b>
<b>9. DELEGATION TO THE DIRECTOR OF HEALTH AND SOCIAL CARE</b>	<b>12</b>
<b>10. DELEGATION TO THE DIRECTOR OF SERVICES FOR COMMUNITIES</b>	<b>12</b>
<b>11. DELEGATION TO THE HEAD OF PLANNING</b>	<b>12</b>
<b>Appendix 1 – General Delegation to Directors</b>	<b>13</b>
<i>Funds, contracts and property</i>	13
<i>Proper officers</i>	13
<i>Legal</i>	13
<i>Staff</i>	14
<i>Health and Safety</i>	16
<i>Health and Wellbeing</i>	16
<i>Use of land and buildings</i>	16
<i>Regulation of investigatory powers</i>	16
<i>Renewal of grants to voluntary organisations</i>	17
<i>Hospitality</i>	17
<i>Write off</i>	18
<i>Access to information</i>	18
<i>Consultations</i>	18
<i>Grant offers</i>	18
<i>Council companies</i>	18
<b>Appendix 2 – Delegation to the Director of Children and Families</b>	<b>19</b>
<i>Education</i>	19
<i>Social Work</i>	22
<b>Appendix 3 – Delegation to the Director of Economic Development</b>	<b>28</b>
<b>Appendix 4 – Delegation to the Director of Corporate Governance</b>	<b>29</b>
<i>Legal, Risk and Compliance</i>	29
<i>Resilience</i>	29
<i>Organisational Development</i>	29

<i>Finance</i>	30
<i>Customer Services</i>	31
<i>Investment and Pensions</i>	32
<i>Culture and Sport</i>	33
<i>Public Safety</i>	34
<b>Appendix 5 – Delegation to the Director of Health and Social Care</b>	<b>36</b>
<i>All service users</i>	36
<i>Community Care</i>	39
<i>Criminal Justice</i>	41
<b>Appendix 6 – Delegation to the Director of Services for Communities</b>	<b>44</b>
<i>Notices and Orders</i>	44
<i>Roads</i>	44
<i>Traffic</i>	51
<i>Corporate Property</i>	56
<i>Housing and Regeneration</i>	59
<i>Licensing</i>	63
<i>Community safety, environmental, consumer protection and registration etc.</i>	66
<i>Parks and Greenspace</i>	74
<i>Waste Services</i>	75
<i>Building Standards</i>	78
<i>Floods, Reservoirs and Coasts</i>	79
<b>Appendix 7 – Head of Planning</b>	<b>85</b>
<i>Planning policy</i>	85
<i>Planning applications etc.</i>	86
<i>Enforcement action</i>	89
<i>Landscape</i>	91
<i>Appeals</i>	92
<i>Legal Agreements</i>	92
<i>Miscellaneous</i>	93
<i>Flooding</i>	93
<b>Appendix 8 – Statutory functions and Statutory officers</b>	<b>94</b>
<b>Appendix 9 – Proper Officer functions</b>	<b>96</b>
<b>Appendix 10 – List of legislation</b>	<b>98</b>

**CITY OF EDINBURGH COUNCIL**  
**SCHEME OF DELEGATION TO OFFICERS**

**GENERAL**

**Scheme**

- 1.1 This Scheme of Delegation to Officers ("**Scheme**") applies from 11 December 2014 and sets out the powers delegated by the City of Edinburgh Council ("**Council**") to officers, pursuant to the Local Government (Scotland) Act 1973. The Scheme is intended to facilitate the efficient conduct of Council business by clearly setting out the nature and extent of the powers delegated to officers by the Council.
- 1.2 The powers delegated to officers in terms of this Scheme are subject to change by act of Council in accordance with the Standing Orders of the Council.
- 1.3 The Local Government (Scotland) Act 1973 requires the Council to maintain a list specifying those powers which are exercisable by officers, and stating the title of the officer who exercises that power. The lists of powers are set out in this Scheme.
- 1.4 In this Scheme:
- (a) a reference to a statute or statutory provision:
    - (i) is a reference to it as amended, extended or re-enacted from time to time; and
    - (ii) shall include all subordinate legislation made from time to time under that statute or statutory provision;
  - (b) any reference to this Scheme shall include the appendices to the Scheme ("**Appendices**" and each an "**Appendix**");
  - (c) a reference to "**Council Policies**" shall include all and any policies approved by the Council from time to time (and "**Council Policy**" shall be interpreted accordingly);
  - (d) references to paragraphs are to paragraphs of this Scheme; and
  - (e) headings are for convenience, do not form part of this Scheme and shall not be used in its interpretation.

### Principles of delegation

- 1.5 Officers to whom power is delegated in terms of this Scheme must exercise their powers in accordance with the following principles:
- (a) the decision or action must not be a matter ("**Reserved Matter**"):
    - (i) reserved by law to the Council or a Committee or sub-committee of the Council ("**Committee**"); or
    - (ii) that the Council or a Committee has expressly determined should be discharged otherwise than by an officer;
  - (b) the decision or action must not alter or be contrary to law or to policy set by the Council and its Committees;
  - (c) the decision or action must be taken in accordance with the Council's Standing Orders as amended from time to time;
  - (d) the decision or action must be taken in accordance with the Financial Regulations and Corporate Debt Policy as amended from time to time and comply with the financial limits set out in those documents;
  - (e) the financial consequences of the decision or action must be contained within the budget approved by Council for the financial year in question;
  - (f) the decision or action must not give rise to a conflict of interest as set out in the Council's code of conduct for employees; and
  - (g) elected members must be appropriately consulted and, in particular, officers must comply with the provisions of paragraph 2 of this Scheme.
- 1.6 If there is a question or dispute on whether a decision taken or proposed to be taken by an officer contravenes the provisions of this Scheme, it will be decided by the Chief Executive in consultation with the Leader of the Council (or the deputy Leader if the Leader is absent).
- 1.7 Each Director shall have authority to take all decisions or actions necessary to implement a policy approved by or a decision previously taken by the Council or a Committee or which facilitate or are conducive to the implementation of such a policy or decision.



2. **CONSULTATION WITH ELECTED MEMBERS**

**Politically controversial matters and material decisions**

2.1 Where a decision or action proposed to be taken under delegated powers is likely to be regarded as politically controversial or is a decision ("**Material Decision**") that will have or is likely to have:

- (a) a significant effect on financial, reputational or operational risk; and/or
- (b) a significant impact on service delivery or performance;

the appropriate elected members will be consulted before any decision or action is taken. Appropriate elected members will include the relevant convener or vice-convenor(s) and, where appropriate, the Leader and/or deputy Leader.

**Local Members**

2.2 Where a decision or action relates to a particular ward or wards (and not to the whole area of the Council) and is likely to directly affect the ward interests of a local member or members, those members will be consulted before any decision or action is taken (save in the case of matters of a routine or confidential nature).

**Responsibility to inform**

2.3 It is the responsibility of the Chief Executive or relevant Director to keep the elected members of the Council appropriately informed about activity arising within the scope of the delegated authority under this Scheme.

**Reports**

2.4 The Council or any Committee may require the Chief Executive or Directors to submit reports on the decisions taken and action authorised by them under delegated authority. The Chief Executive or relevant Director shall submit a report in relation to any Material Decision to Council or the appropriate Committee.

### 3. **DELEGATION**

#### **Delegated authority**

- 3.1 The Council delegates authority for certain powers or functions to the Chief Executive, Directors and heads of service as detailed in this Scheme.
- 3.2 In the event that the Director is unavailable, his/her deputy or the head of the relevant service will have delegated authority to take urgent decisions in the absence of the Director.
- 3.3 The Chief Executive may sub-delegate his/her powers to the relevant Director.
- 3.4 Directors may sub-delegate their delegated powers to their deputy or head(s) of service or such other officer(s) in their service area as they may consider appropriate. Each officer to whom powers are delegated may sub-delegate to such other officers in their service area as they may consider appropriate. This will be in each case the officer of an appropriate level of seniority who is most closely involved with the matter in question. Directors will remain accountable for decisions taken by their sub-delegates.
- 3.5 Sub-delegation of functions by any officer to another officer in accordance with this Scheme will not prevent the officer from whom the authority is being delegated from also discharging those functions.
- 3.6 Where authority has been sub-delegated by one officer to another in accordance with this Scheme, such authority can be revoked at any time without prejudice to any previous decisions made under that authority.
- 3.7 Certain functions ("**Statutory Functions**") must, by law, be carried out by certain statutory officers. The Council delegates authority to those statutory officers ("**Statutory Officers**") to carry out the Statutory Functions. A list of the Statutory Functions and the Statutory Officers can be found in Appendix 8.
- 3.8 The authority delegated to the Chief Executive and Directors in terms of this Scheme shall not include any Statutory Function, which shall be exercised by the appropriate Statutory Officer.
- 3.9 Legislation requires that certain functions be exercised by a "**proper officer**". This Scheme sets out Council officers who are designated as proper officers in relation to particular functions. An officer who is designated as a proper officer by this Scheme may also designate in writing other officer(s) in his or her service

area to exercise his or her functions as proper officer. Such designation can be revoked at any time by the designating officer without prejudice to any previous actions taken under that designation. Designated proper officers are set out in paragraph 5 of Appendix 1, paragraph 21 of Appendix 7 and in Appendix 9.

- 3.10 Appropriate records must be kept of any sub-delegations of powers made under the Scheme.

### **Material Decisions**

- 3.11 Notwithstanding the terms of any delegation of authority to Directors or other officers in terms of this Scheme, all Material Decisions shall be taken in consultation with the Corporate Management Team (“**CMT**”). It is intended that this will engender greater transparency; foster a collegiate culture of collective decision-making among chief officers; and ensure proper corporate oversight, scrutiny and challenge of Material Decisions.
- 3.12 It is the responsibility of each Director or other officer to whom powers are delegated to consider whether a decision or action in relation to a matter delegated to him/her is a Material Decision and in the case of an officer other than a Director, to bring it to the attention of the relevant Director. The relevant Director will bring any Material Decision to the next available meeting of the CMT.
- 3.13 In the case of any Material Decision that relates to a Statutory Function, the provisions of paragraphs 2.1 and 3.12 of this Scheme shall be without prejudice to the legal duties and responsibilities of the relevant Statutory Officer.
- 3.14 The provisions of paragraph 3.12 of this Scheme shall be without prejudice to the principles of delegation set out in paragraph 1.5 of this Scheme and the requirement to consult with elected members set out in paragraph 2.1 of this Scheme.

### **Major Projects**

- 3.15 The following projects ("**Major Projects**") shall be dealt with as set out in paragraph 3.17 of this Scheme:
- (a) any project which has an estimated value of £5 million or more; or
  - (b) any other corporate project the Chief Executive shall, in consultation with the CMT and the Convener or vice-Convener of the Finance and Resources Committee, so designate.
- 3.16 In order to ensure effective governance and delivery of Major Projects, authority is delegated to the Director of Corporate Governance to establish a Corporate Programme Office that will:
- (a) oversee all Major Projects to ensure they are initiated appropriately, and independently assess elements of the Major Projects including:
    - (i) options appraisal;
    - (ii) affordability;
    - (iii) implementation;
    - (iv) resource planning;
    - (v) sustainability;
    - (vi) equalities;
    - (vii) environmental impact; and
    - (viii) stakeholder engagement;
  - (b) provide ongoing support to Major Projects through key stage or gateway reviews, management dashboard reporting, post completion reviews and tracking benefits realisation; and
  - (c) update the CMT and the Finance and Resources Committee on the status and progress of Major Projects.

### **Contracts Standing Orders**

- 3.17 Any officer to whom relevant authority is delegated in terms of this Scheme must comply with the terms of the standing orders which apply to all contracts made by or on behalf of the Council for the procurement of the execution of works, the supply of goods and materials to the Council and/or for the provision of services (“**Contract Standing Orders**”).
- 3.18 Any officer to whom relevant authority is delegated shall have regard to:
- (a) the Council’s procurement handbook; and
  - (b) any guidance issued by the Council in relation to the appointment of consultants;

in each case, as amended from time to time.

### **4. DELEGATION TO CHIEF EXECUTIVE**

- 4.1 As head of paid service the Chief Executive has overall responsibility for the corporate management and operational functions of the Council that are delegated to officers under this Scheme. The Chief Executive is authorised to discharge any function or exercise any power delegated to any officer under this Scheme.
- 4.2 In addition, the Council authorises the Chief Executive to:
- (a) take any urgent action necessary in the event of a civil emergency, business continuity or resilience incident;
  - (b) act as Returning Officer for local government elections, Westminster elections, Scottish Parliament elections, European elections and Business Improvement District elections under sections 25 and 41 of the Representation of the People Act 1983;
  - (c) act as Counting Officer for referendums held in terms of the Political Parties, Elections and Referendums Act 2000; and
  - (d) perform the Council’s functions under the Regulation of Investigatory Powers (Scotland) Act 2000 and the Regulation of Investigatory Powers Act 2000 in accordance with Council policy, including:
    - (i) appointing authorising officers;

(ii) authorising directed surveillance or the use of a covert human intelligence source which involves the likelihood of obtaining confidential information; and

(iii) authorising the use of covert human intelligence sources in relation to juveniles or vulnerable adults.

4.3 The delegated authority to Directors in relation to staff as set out in Appendix 1 of this Scheme shall apply (where relevant) to the Chief Executive in relation to Directors.

**5. DELEGATION TO ALL DIRECTORS**

5.1 Subject to the provisions of paragraphs 1 to 3 of this Scheme, each Director shall have delegated authority to manage all human, financial and other resources within his/her services area, including those functions set out in Appendix 1.

**6. DELEGATION TO DIRECTOR OF CHILDREN AND FAMILIES**

6.1 Subject to the provisions of paragraphs 1 to 3 of this Scheme, the Director of Children and Families, or the Chief Social Work Officer where relevant, shall have delegated authority to exercise the schools, early years, children's social work services, childcare and community services functions including those set out in Appendix 2.

**7. DELEGATION TO DIRECTOR OF ECONOMIC DEVELOPMENT**

7.1 Subject to the provisions of paragraphs 1 to 3 of this Scheme, the Director of Economic Development shall have delegated authority to exercise the economic development functions set out in Appendix 3.

**8. DELEGATION TO DIRECTOR OF CORPORATE GOVERNANCE**

8.1 Subject to the provisions of paragraphs 1 to 3 of this Scheme, the Director of Corporate Governance shall have delegated authority to carry out all finance, investment and pensions, central service, culture and sport functions of the Council including those set out in Appendix 4.

**9. DELEGATION TO DIRECTOR OF HEALTH AND SOCIAL CARE**

9.1 Subject to the provisions of paragraphs 1 to 3 of this Scheme, the Director of Health and Social Care, or the Chief Social Work Officer where relevant, shall have delegated authority to exercise the social work, social care and social welfare functions including those set out in Appendix 5.

**10. DELEGATION TO DIRECTOR OF SERVICES FOR COMMUNITIES**

10.1 Subject to the provisions of paragraphs 1 to 3 of this Scheme, the Director of Services for Communities shall have delegated authority to carry out all powers and responsibilities associated with the Council's housing and regeneration, housing support, statutory repairs, community safety, environmental health, scientific services, trading standards, libraries, licensing, registration, advice services, parks, waste management and disposal, street cleaning, grounds maintenance, corporate fleet management and maintenance, community transport, corporate property and facilities management, building standards, transport planning, roads management and maintenance, flood prevention, reservoir and coastal functions including those set out in Appendix 6.

**11. DELEGATION TO HEAD OF PLANNING**

11.1 Subject to the provisions of paragraphs 1 to 3 of this Scheme, the Head of Planning shall have delegated authority to exercise the planning functions set out in Appendix 7.

## **APPENDIX 1**

### **GENERAL DELEGATION TO DIRECTORS**

These are the functions referred to in paragraph 5 of the Scheme:

#### **Funds, contracts and property**

1. spending money and managing their budgets in accordance with Council approved resource allocations and with the Financial Regulations;
2. subject to any policies and/or directions issued by the Director of Corporate Governance:
  - (a) transferring funds between headings within their approved revenue budgets;
  - (b) transferring funds between capital projects included in the capital budgets for their service;

provided that (1) the Directors inform the Director of Corporate Governance of the transfer and (2) the transfer does not affect revenue or capital budgets for future years;

3. entering into, terminating, varying, suspending or extending contracts subject to compliance with the Council's Contract Standing Orders;
4. declaring property or land surplus to requirements, including one-off blocks of flats and main door properties;

#### **Proper officers**

5. acting as proper officer in terms of any provisions of the Local Government (Scotland) Act 1973, the Requirements of Writing (Scotland) Act 1995 and generally any local government legislation and signing all deeds and other documents which require to be sealed with the Common Seal of the Council or are binding on the Council;

#### **Legal**

6. settling legal actions and claims in consultation with the Head of Legal, Risk and Compliance;



7. initiating, entering into, defending and withdrawing from legal proceedings in consultation with the Head of Legal, Risk and Compliance;

**Staff**

8. appointing employees within agreed staffing levels up to but excluding Heads of Service;
9. appointing an acting head of service from the staff of the Council when a head of service is absent or the post is vacant;
10. conducting disciplinary and grievance proceedings for employees in accordance with the Council's approved policy and procedures;
11. authorising staff attendance at training courses, conferences, seminars and other developmental activities;
12. changing staffing structures, numbers and gradings in accordance with approved job evaluation arrangements, with the exception of major staffing reviews, provided that such changes comply with guidelines issued by the Director of Corporate Governance;
13. remedying inconsistencies in pay or conditions of service in conjunction with the Director of Corporate Governance;
14. deciding the following personnel matters in accordance with approved schemes and/or guidance issued by the Director of Corporate Governance (or, in the case of teaching staff, by the Director of Children and Families):
  - (a) approval of paid or unpaid leave for special circumstances, secondment, or leave to work or visit abroad;
  - (b) entering into compromise or settlement agreements with staff in relation to their employment with the Council in consultation with the Head of Legal, Risk and Compliance, and subject also to consultation with the appropriate convener;
  - (c) save in the case of a Director, where the decision shall be reserved to the Finance and Resources Committee, making

decisions in relation to the Local Government Pension Scheme membership (including, for example, early payment of pensions, late transfers, late applications to pay optional pensions contributions, augmented membership, additional pensions, and fraud/forfeiture cases);

- (d) extension of sickness allowance;
- (e) recovery of maternity pay;
- (f) closure of buildings in emergency or exceptional circumstances and early closure during the festive season;
- (g) approval of application for car loans in consultation with the Director of Corporate Governance;
- (h) approval of transfer of annual leave;
- (i) approval of overtime;
- (j) approval of applications for secondary employment;
- (k) authorisation of payments for lectures, speeches etc. to external organisations;
- (l) determination of claims of up to £250 for damage to or loss of the personal property of employees in consultation with the Director of Corporate Governance;
- (m) payment of removal expenses and allowances;
- (n) payment of car users' allowances;
- (o) authorisation of telephone allowances;
- (p) placement of employees on appointment on a point within a grade or grades applicable to the posts;
- (q) establishment and filling of fixed term posts in accordance with the relevant Council Policy; and
- (r) appointment of apprentices on completion of indentures;

### **Health and Safety**

15. implementing the Council's Health and Safety Policy and arrangements;

### **Health and Wellbeing**

16. implementing the Council's Health and Wellbeing Policy and arrangements;

### **Use of land and buildings**

17. approving, subject to compliance with any approved scheme of charges, the use by appropriate organisations, bodies or persons of land and premises owned, occupied or managed by the Council (including land managed on behalf of the Common Good);

18. regulating access to, and conduct of persons on property owned, occupied or managed by the Council, including (1) eviction, ejection and expulsion from property and (2) the application and enforcement of management rules under sections 112 and 116 of the Civic Government (Scotland) Act 1982 as approved by the Council from time to time;

19. approving the temporary closure of property owned, occupied or managed by the Council to:

(a) ensure the safety of Council staff or members of the public;  
or

(b) undertake essential planned maintenance,

subject to consultation with the appropriate convener or vice-convener and local elected members and insertion of a public notice in the press informing the public of the closure when relevant;

### **Regulation of investigatory powers**

20. performing the Council's functions under the Regulation of Investigatory Powers (Scotland) Act 2000 and the Regulation of Investigatory Powers Act 2000 in accordance with Council policy, with the exception of:

- a) appointing authorising officers;
- b) authorising directed surveillance or the use of a covert human intelligence source which involves the likelihood of obtaining 'confidential' information; and
- c) authorising the use of covert human intelligence sources in relation to juveniles or vulnerable adults.

### **Renewal of grants to voluntary organisations**

21. approving applications for the renewal of grants up to £25,000, from properly constituted voluntary organisations which meet the Council's eligibility criteria, provided that:

- (a) any increase in the amount of the grant renewal payment from the previous year does not exceed the lesser of (a) 30% of the payment from the previous year or (b) £5,000;
- (b) the decisions taken under this paragraph are reported by the relevant Director every year to the appropriate Committee;
- (c) the grant renewal will not be used wholly or mainly to pay for permanent staff (unless the grant renewal is a payment to playgroups or a service purchasing arrangement under the National Health Service and Community Care Act 1990);
- (d) any relevant local members are informed and consulted where it appears that an application for grant renewal directly affects their ward's interests; and
- (e) a relevant local member has not applied to the relevant Director, within 14 days of being advised of the proposed grant renewal, requesting that the decision is referred to the appropriate Committee;

### **Hospitality**

- 22. approving expenditure on hospitality in accordance with Council Policy;
- 23. approving expenditure on overseas visits by officers in accordance with Council Policy;

**Write off**

24. writing off or disposing of any stores, plant, furniture, equipment, or any other tangible asset in accordance with the Financial Regulations provided that:

(a) the stores, plant, furniture, equipment or such asset has become unfit for use and unsaleable; and

(b) the decision is made in consultation with the Director of Corporate Governance;

**Access to information**

25. responding to requests for information made to the Council under the Freedom of Information (Scotland) Act 2002; Environmental Information (Scotland) Regulations 2004; INSPIRE (Scotland) Regulations 2009 and the Data Protection Act 1998;

**Consultations**

26. responding to consultations from external bodies seeking the input of the Council to the extent necessary to provide any technical, scientific, or other factual information, or professional opinion or analysis of an operational nature;

**Grant offers**

27. applying for grant funding on behalf of the Council;

28. accepting offers of grant funding on behalf of the Council; and

**Council Companies**

29. monitoring the performance of each Council company delivering services in his or her service area.

## **APPENDIX 2**

### **DELEGATION TO THE DIRECTOR OF CHILDREN AND FAMILIES**

*(or, where applicable, the Chief Social Work Officer)*

These are the powers referred to in paragraph 6 of the Scheme:

#### **Education**

1. taking steps to discharge the duty of the Council, as education authority, to secure adequate and efficient provision of school education (including pre-school education) and further education in accordance with section 1 of the Education (Scotland) Act 1980, and in doing so (1) having regard to the duty to ensure that education is directed to the development of the personality, talents and mental and physical abilities of children and young people (section 2 of the Standard in Scotland's Schools etc. Act 2000) and (2) endeavouring to ensure that schools managed by them promote the physical, social, mental and emotional health and well-being of pupils (section 2A of the Standard in Scotland's Schools etc. Act 2000);
2. maintaining and equipping schools and other buildings (section 17 of the Education (Scotland) Act 1980);
3. improving the access to premises for the safety of pupils (section 18 of the Education (Scotland) Act 1980);
4. operating arrangements for pupils from outside the Council's area (sections 23 and 24 of the Education (Scotland) Act 1980);
5. setting school commencement dates for primary schools (section 32 of the Education (Scotland) Act 1980);
6. managing placing requests including publishing of information on arrangements in accordance with the provisions of section 28A, and representing the Council at any placing appeal committee in accordance with section 28F, both of the Education (Scotland) Act 1980;

Appendix 2 – Delegation to the Director of Children and Families

7. enforcing attendance at school, including bringing proceedings against parents in respect of children's non-attendance (sections 36, 37, 38, 39 and 43(2) of the Education (Scotland) Act 1980);
8. allowing pupils to miss school (section 34 of the Education (Scotland) Act 1980);
9. excluding pupils from school (Regulation 4 of the Schools (General) Scotland Regulations 1975);
10. promoting the involvement of the parents of pupils in attendance at schools in the education provided to those pupils (section 1 of the Scottish Schools (Parental Involvement) Act 2006);
11. awarding bursaries (section 49 of the Education (Scotland) Act 1980);
12. providing transport for pupils and students (section 51 of the Education (Scotland) Act 1980);
13. ensuring copies of education records are available including the ability to set charges (section 4 of the Education (Disability Strategies and Pupils' Educational Records) (Scotland) Act 2002);
14. awarding Education Maintenance Allowances (section 73(f) of the Education (Scotland) Act 1980);
15. providing school meals (section 53 of the Education (Scotland) Act 1980);
16. providing clothing (section 54 of the Education (Scotland) Act 1980);
17. discharging the Council's duties in relation to the employment of children (Children and Young Persons (Scotland) Act 1937);
18. licensing stage or theatrical performances by children (Children and Young Persons Act 1963);
19. providing child guidance services (section 4 of the Education (Scotland) Act 1980);
20. referring young people in medically unsuitable employment to the Employment Medical Advisory Service of the Department of Employment;

21. making grants to organisations involved with education;
22. managing or instructing the Director of Services for Communities to lease out Council community centres, working with locally elected Management Committees;
23. application of national circulars regarding service conditions of teaching staff. Where there is a choice of action, the circular will be sent to Committee;
24. providing programmes of adult education;
25. providing or arranging in-service training for staff;
26. providing the education authority's representatives on the Appointment Committees for all Head Teachers,
27. providing work experience for pupils who are eligible (section 123 of the Education (Scotland) Act 1980);
28. operating health and safety checks on work-experience placements;
29. dealing with the use of educational premises for licensed functions;
30. managing the Education Arts Development Programme;
31. specifying the level of service and other relevant details for getting tenders for the School and Welfare Catering Services;
32. negotiating variation orders for changes in the level of School and Welfare Catering services with the approved contractor within the contract price approved by the Council;
33. making awards of up to £5,000 for distribution of Childcare Partnership funds;
34. approving joint working arrangements with other bodies;
35. liaising with the Scottish Government Education Department;
36. carrying out the consultations processes required by the Schools (Consultation) (Scotland) Act 2010;



37. in consultation with the Chief Executive and with the Head of Legal, Risk and Compliance, receiving notice of, representing the Council and responding to referrals by the Children’s Reporter to the Scottish Ministers under the Children’s Hearings (Scotland) Act 2011;
38. implementing the duties and powers set out in the Education (Additional Support for Learning) (Scotland) Act 2004;

**Social Work**

39. taking necessary steps to discharge the Council’s duties under the Social Work (Scotland) Act 1968, the Children (Scotland) Act 1995, the Social Care (Self-directed Support) (Scotland) Act 2013 and the Children and Young People (Scotland) Act 2014;
40. arranging for the protection of property of people who have gone into hospital or care as in section 48 of National Assistance Act 1948;
41. maintaining a Complaints Procedure and service as in section 5B of the Social Work (Scotland) Act 1968;
42. where the carer of a person over 18 years of age is a child under 18 years of age, assisting Health and Social Care staff to assess the carer’s needs and provide information about the assessment as in sections 12A, 12AA and 12AB of the Social Work (Scotland) Act 1968;
43. making direct payments to individuals to allow them to purchase community care services or if they are disabled, to assist them to care for their children under the Social Care (Self-directed Support) (Scotland) Act 2013;
44. making direct payments to 16 and 17 year olds with a disability and to parents of children under 18 with a disability to allow them to pay for children’s services under the Social Care (Self-directed Support) (Scotland) Act 2013;
45. burying or cremating any person who was in the care of, or receiving help from, the Council, immediately before their death as in section 28 of the Social Work (Scotland) Act 1968;
46. deciding whether to pay the expenses of parents, relatives etc. visiting people (including looked after children) who are being cared for or

- maintained in accommodation by the Council, or in attending funerals as in section 29 of the Social Work (Scotland) Act 1968;
47. providing and maintaining whatever residential and other establishments are needed for the Council's functions under Part II of the Children (Scotland) Act 1995;
  48. recovering from other local authorities any costs for services provided to people ordinarily resident there under the Social Work (Scotland) Act 1968 as in section 86 of the Social Work (Scotland) Act 1968;
  49. authorising the following finance related issues in accordance with the Financial Regulations and in accordance with Council Policies:
    - (a) writing off debts on social grounds or in exceptional circumstances;
    - (b) reimbursing carers and substitute carers for loss or damage (*ex gratia*) of up to £500, subject to appropriate consultation with the convener or vice-convener;
    - (c) reimbursing staff for loss or damage (*ex gratia*) of up to £500;
    - (d) making payments to staff for emergency expenses (*ex gratia*) of up to £50; and
    - (e) reimbursing neighbours and/or relatives of departmental carers for damage caused by service users (*ex gratia*), where it would be in the interest of the Council to maintain goodwill, subject to appropriate consultation with the convener or vice-convener;
  50. providing reports and information to the courts in private law proceedings as in section 11 of the Matrimonial Proceedings (Children) Act 1958 and section 11 of the Children (Scotland) Act 1995;
  51. assessing and recovering contributions for "maintainable" children looked after by the Council as in sections 78 to 82 of the Social Work (Scotland) Act 1968;

52. where there is an assessed need, paying allowances to people who have children and young people residing with them as in section 50 of the Children Act 1975;
53. providing an adoption service in accordance with section 1 of the Adoption and Children (Scotland) Act 2007;
54. supervising and providing reports to the court in respect of non-agency adoptions as in sections 17 and 18 of the Adoption and Children (Scotland) Act 2007;
55. taking necessary or facilitative steps to implement arrangements for the adoption of children;
56. providing adoption support plans under section 45 of the Adoption and Children (Scotland) Act 2007;
57. approving and paying adoption allowances as in section 71 of the Adoption and Children (Scotland) Act 2007;
58. securing the welfare of all foster children, receiving and assessing notifications, inspecting premises, imposing requirements and removing children from unsuitable premises (sections 3, 5, 6, 8, 9, 10 and 12 of the Foster Children (Scotland) Act 1984);
59. preparing and publishing a plan for services to children under 8 years of age as in section 19 of the Children Act 1989;
60. preparing and publishing a three year plan for day care services to children in need as in section 19 of the Children (Scotland) Act 1995;
61. publishing information about services for children in need as in section 20 of the Children (Scotland) Act 1995;
62. safeguarding and promoting the welfare of children looked after by the Council and giving them the opportunity to fulfil their potential as in section 17 of the Children (Scotland) Act 1995;
63. safeguarding and promoting the welfare of children in need giving help “in kind or in cash” as in section 22 of the Children (Scotland) Act 1995;

64. minimising the effect of disability on children, assessing the needs of children with or affected by disability, assessing the ability of their carers to meet those needs and providing information assessment as in sections 23, 24, and 24A of the Children (Scotland) Act 1995 and the and the Social Care (Self-directed Support) (Scotland) Act 2013;
65. providing accommodation for children and young people when lost or abandoned or when no-one with parental responsibility can do it as in section 25 of the Children (Scotland) Act 1995;
66. providing accommodation for young people aged 18 to 21 years of age when to do so would safeguard and promote their welfare as in section 25 of the Children (Scotland) Act 1995;
67. providing accommodation and maintenance for children looked after by the Council as in section 26 of the Children (Scotland) Act 1995;
68. providing day care for pre-school and other children as in section 27 of the Children (Scotland) Act 1995;
69. providing after-care for children (under 21 years of age) who were previously looked after by a local authority as in section 29 of the Children (Scotland) Act 1995;
70. providing financial help towards maintaining, educating or training for young people who were looked after by the Council at the time of leaving school age as in section 30 of the Children (Scotland) Act 1995;
71. reviewing cases of children looked after by the Council as in section 31 of the Children (Scotland) Act 1995;
72. removing children from residential establishments as in section 32 of the Children (Scotland) Act 1995;
73. accepting responsibility for orders made in respect of children in other parts of the UK where the child is now ordinarily resident in Edinburgh as in section 33 of the Children (Scotland) Act 1995;
74. providing short term refuges where a child may be at risk of harm as in section 38 of the Children (Scotland) Act 1995;

75. making enquiries and providing information to the Principal Reporter to the Children's Panel where children may need compulsory measures of care as in section 60 of the Children's Hearings (Scotland) Act 2011;
76. where a child may be at risk of significant harm, investigating the matter and if need be applying for the following orders:
  - (a) Child Assessment Order (under section 35 of Children's Hearings (Scotland) Act 2011);
  - (b) Child Protection Order ( under sections 37 to 39 of Children's Hearings (Scotland) Act 2011);
  - (c) Emergency Child Protection Order (under section 55 of Children's Hearings (Scotland) Act 2011); and
  - (d) Exclusion Order (under sections 76 to 80 of the Children (Scotland) Act 1995);
77. providing reports on children and their social background for a Children's Hearing as in section 66 of the Children's Hearings (Scotland) Act 2011;
78. implementing supervision requirements made by a Children's Hearing under the Children's Hearings (Scotland) Act 2011;
79. in consultation with Chief Executive and with the Head of Legal, Risk and Compliance, receiving, responding to and representing the Council in respect of all referrals by the Children's Reporter to the Sheriff Principal under the Children's Hearings (Scotland) Act 2011;
80. arranging the emergency move of a child subject to a supervision requirement with condition of residence under the Children's Hearings (Scotland) Act 2011;
81. recommending that a supervision requirement is reviewed by a Children's Hearing under the Children's Hearings (Scotland) Act 2011;
82. where assessed as necessary, applying to a court for a Permanence Order, or Permanence Order with authority to adopt, under sections 80-83 of the Adoption and Children (Scotland) Act 2007;

83. applying for variation or revocation of permanence order when there has been a material change of circumstances under section 99 of the Adoption and Children (Scotland) Act 2007;
84. providing information to the Courts and arranging accommodation for the detention of children being prosecuted for, or convicted of criminal offences as in sections 42, 43, 44, and 51 of the Criminal Procedure (Scotland) Act 1995;
85. making purchases, outside the central purchasing arrangements, for necessary food, clothing and other essential items for children in care of the Council and living within the Council's residential establishments for young people;
86. discharging the Council's duties in relation to children and young people under the Secure Accommodation (Scotland) Regulations 2013; and
87. undertaking all activities, powers and duties as the appropriate local authority to do with Parental Orders as provided for in section 13 and in Part 9 of the Antisocial Behaviour etc (Scotland) Act 2004 including:
  - (a) applying for the making of an order or review of an order;
  - (b) supervising parents who are subject to an order and reporting breaches to the relevant court; and
  - (c) providing services and programmes of work or training for parents and generally giving effect to parenting orders.

**APPENDIX 3 – DELEGATION TO THE DIRECTOR OF ECONOMIC DEVELOPMENT**

These are the powers referred to in paragraph 7 of the Scheme:

1. developing and advising on policies, strategies, programmes and projects for approval by Council or Committee in relation to economic development, external relations and inward investment, including working in partnership with external organisations (both public and private) that deliver economic development activities (including making financial contributions to these activities where appropriate by way of a loan or grant in accordance with criteria approved by Committee);
2. performing the Council's functions in respect of the East of Scotland Investment Fund, including authorising loans subject to annual reporting to the Economy Committee;
3. awarding grants of up to £15,000 subject to annual reporting to the Economy Committee;
4. allocating space within property managed by Economic Development to relevant partners and agreeing the terms of such arrangements;
5. making changes to the opening hours of buildings managed by Economic Development as required for operational or budgetary reasons; and
6. altering or waiving (in whole or in part) charges of hire of property managed by Economic Development where there are sound financial, operational or other justifiable reasons for doing so, subject to annual reporting to the Economy Committee.

## **APPENDIX 4**

### **DELEGATION TO THE DIRECTOR OF CORPORATE GOVERNANCE**

These are the powers referred to in paragraph 8 of the Scheme:

#### **Legal, Risk and Compliance**

1. signing court documents;
2. signing missives, other holograph conveyancing documents and notices and orders relating to compulsory purchase orders;
3. engaging private legal firms, counsel, sheriff officers, patent agents and parliamentary agents as appropriate;
4. monitoring the Council's compliance with information compliance legislation, including the Freedom of Information (Scotland) Act 2002, Environmental Information (Scotland) Regulations 2004, INSPIRE (Scotland) Regulations 2009 and the Data Protection Act 1998;
5. monitoring the management of Council records in line with the provisions of the Public Records (Scotland) Act 2011;

#### **Resilience**

6. taking action to ensure that the Council's responsibilities and duties under the Civil Contingencies Act 2004 and other emergency planning, business continuity and resilience legislation are discharged;

#### **Organisational Development**

7. approving applications for early retiral/voluntary severance payments (including teaching staff) subject to an annual report being submitted to Council;
8. issuing certificates as required for employees to apply to the adjudicator for exemption from political restriction;
9. approving all new career development/salary progression schemes and changes to existing schemes;
10. approving expenditure on civic hospitality in accordance with Council Policy;



## Finance

11. determining all accounting and financial records and procedures of the Council. Where such procedures and records are maintained in a service area other than that of the Director of Corporate Governance, the Director shall, before making any determination, consult with the Director of the service area concerned;
12. performing any function on behalf of the Common Good Fund, charitable endowments and any other Council funds which would reasonably be deemed to be investment business provided that the Director takes the appropriate advice where necessary and reports any actions to Committee;
13. opening, closing and operating bank accounts on behalf of the Council;
14. approving and making payments due to Her Majesty's Revenue and Customs;
15. reviewing and amending as appropriate the financial limits given in the Financial Regulations every year, in line with the relevant inflation indexes;
16. the pooling and treasury management of all surplus funds under the Council's administration and all executive decisions on the approved treasury management activities subject to compliance with CIPFA's "Code of Practice for Treasury Management in the Public Services" and other relevant professional guidance;
17. all borrowing and lending in accordance with the Treasury Management Policy Statement;
18. providing cash advances as considered appropriate for officers of the Council to defray petty cash, other expenses and any other matters on the administration of imprest accounts;
19. assessing business cases for the taking out of new leases to ensure they are consistent with the securing of best value;
20. effecting insurance cover and negotiating with the Council's insurers for all claims in consultation with other officers where necessary;

21. reviewing annually all insurances in consultation with the other chief officers as appropriate and reporting annually to the convener or vice-convener;
22. approving the rate of interest the Council is required to charge to borrowers with variable interest rate loans;
23. being responsible for all purchasing arrangements as detailed in the Contracts Standing Orders;
24. collecting and where necessary recovering debt, and where appropriate authorising the write-off of debt, in accordance with Council Policies;

**Customer Services**

25. collecting (and where necessary recovering) council tax as set by the Council in accordance with section 97(1) and Schedules 2 and 8 of the Local Government Finance Act 1992 and the provisions of the Council Tax (Administration and Enforcement) (Scotland) Regulations 1992;
26. issuing demand notices for the collection of rates payable to the Council under section 237 of the Local Government (Scotland) Act 1947;
27. recovering rates under section 247(5) of the Local Government (Scotland) Act 1947, where necessary in consultation with the convener or vice-convener;
28. administering benefits in accordance with the Social Security Contributions and Benefits Act 1992 and the Social Security Administration Act 1992;
29. administering council tax reduction scheme in accordance with the Council Tax Reduction (Scotland) Regulations 2012;
30. paying all sums to all creditors subject to the certification and authorisation of the appropriate chief officers;
31. signing the certificates and petitions that the Sheriff Court requires for Summary Warrant applications to collect arrears of Community Charge Non-Domestic Rates, Council Tax and other income;

32. deciding to call-up loans where borrowers have fallen into arrears with their house purchase loans;
33. establishing procedures for considering, authorising and making discretionary housing payments and for the consideration by officers, other than the original decision makers, of appeals against decisions on such applications;
34. implementing nationally agreed pay awards;
35. approving and making payment of:
  - (a) all salaries, wages, compensations and other emoluments to all employees;
  - (b) pension entitlements to former employees; and
  - (c) tax and national insurance contributions to Her Majesty's Revenue and Customs;

#### **Investment and Pensions**

36. implementing strategies and policies agreed by the Pensions Committee including the investment strategy of the pensions funds and performing any function on behalf of the pensions funds which would reasonably be deemed to be investment business provided that the Director takes the appropriate advice;
37. implementing pension regulations including the application of discretions as required in accordance with policies approved by the Pensions Committee from time to time;
38. appointing, monitoring and reviewing such specialist managers and advisers as are necessary to make sure that the pensions funds' assets are managed effectively;
39. determining all accounting, records and financial procedures of the pension funds;
40. writing off pension overpayments of up to £3,000 subject to compliance with the appropriate Council Policies;

### **Culture and Sport**

41. devising and implementing cultural, heritage, events and sports programmes;
42. organising museum and gallery exhibitions;
43. altering or waiving (in whole or in part) charges for hire of properties managed by the Culture and Sport division where there are sound financial, operational or other justifiable reasons for doing so;
44. agreeing in principle and instructing the Director of Services for Communities to conclude temporary leases of property managed by the Culture and Sport division;
45. allocating space within property managed by the Culture and Sport division to relevant partners and agreeing the terms of any such arrangements, taking advice as necessary from other service areas, and bringing those arrangements to conclusions as required;
46. making such changes to the opening hours of buildings operated by the Culture and Sport division as are required for operational and budgetary reasons;
47. awarding grants from the Culture and Sport grant budgets subject to:
  - (a) a maximum grant on any one project of £5,000 to be reported to the appropriate Committee annually; and
  - (b) consultation with the appropriate convener and vice-convener;
48. monitoring arms' length organisations which operate Culture and Sport facilities or services, or both, on the Council's behalf, including Edinburgh Leisure and the Festival City Theatres Trust;
49. accepting and rejecting gifts or bequests to the Council's museums and galleries;
50. lending any object in the Council's museum and gallery collections to any gallery, museum or exhibition in accordance with section 7 of the Edinburgh District Council Order Confirmation Act 1991;

51. making recommendations and taking action on the purchase of museum and gallery objects in accordance with Council Policy;
52. commenting on the impact of planning applications on Edinburgh's archaeology and historic environment in accordance with the Scottish Planning Policy (SPP) and accompanying Planning Advice Note (PAN 2/2011), and the Town and Country Planning (Development Management Procedure) (Scotland) Regulations 2008;
53. establishing Friends and other groups to support the work of the service area;
54. contributing up to £10,000 from the Jean F Watson Bequest trust funds to secure the purchase of any single work of art in accordance with the purposes of the trust, in consultation with the Convener of the Committee on the Jean F Watson Bequest;
55. buying individual items valued up to £1,000 for the Museum of Childhood collection using the Catherine E Cowper Trust's funds;

#### **Public Safety**

56. administering and issuing Safety Certificates and Special Safety Certificates, and carrying out inspection and enforcement duties relating to such certificates, for Designated Stadia and Regulated Stands in accordance with the Fire Safety and Safety of Places of Sports Act 1987, the Safety of Sports Grounds Act 1975 and the Safety of Places of Sports Regulations 1988; and
57. administering and issuing permits, and carrying out inspection and enforcement duties relating to such permits, for raised structures built to accommodate people under section 89 of the Civic Government (Scotland) Act 1982.



**APPENDIX 5**

**DELEGATION TO THE DIRECTOR OF HEALTH AND SOCIAL CARE**

*(or, where applicable, the Chief Social Work Officer)*

These are the powers referred to in paragraph 9 of the Scheme:

**All service users**

1. Taking any necessary action on behalf of the Council to ensure that it discharges its duties under the National Assistance Acts, the Disabled Persons (Employment) Act 1958, the Social Work (Scotland) Act 1968, the Chronically Sick and Disabled Person's Act 1970, the Disabled Persons (Services, Consultation and Representation) Act 1986, the National Health Service and Community Care Act 1990, the Criminal Procedure (Scotland) Act 1995, the Adults with Incapacity (Scotland) Act 2000, the Housing (Scotland) Act 2001, the Curators ad litem and Reporting Officers (Panels) (Scotland) Regulations 2001, the Community Care and Health (Scotland) Act 2002, the Homelessness (Scotland) Act 2003, the Mental Health (Care and Treatment) (Scotland) Act 2003, the Adult Support and Protection (Scotland) Act 2007, the Public Services Reform (Scotland) Act 2010, the Social Care (Self-directed Support) (Scotland) Act 2013 or generally any legislation concerning the Council's functions relating to the provision of social care and support services;
2. arranging for the protection of property of people who have gone into hospital or care as in section 48 of the National Assistance Act 1948;
3. maintaining a Complaints Procedure and service as in section 5B of the Social Work (Scotland) Act 1968;
4. making direct payments to individuals to help them purchase community care services as in sections 12B and 12C of the Social Work (Scotland) Act 1968;
5. providing home help and laundry facilities as in section 14 of the Social Work (Scotland) Act 1968;

6. burying or cremating any person who was in the care of, or receiving help from, the Council and so on, immediately before their death as in section 28 of the Social Work (Scotland) Act 1968;
7. deciding whether to pay the expenses of parents, relatives etc. visiting people who are being cared for or maintained in accommodation by the Council, or in attending funerals as in section 29 of the Social Work (Scotland) Act 1968;
8. providing and maintaining whatever residential and other establishments are needed for the Council's functions under the Social Work (Scotland) Act 1968 and the Mental Health (Care and Treatment) (Scotland) Act 2003, in terms of section 59 of the Social Work (Scotland) Act 1968;
9. recovering from other local authorities any costs for services provided to adults ordinarily resident there under the Social Work (Scotland) Act 1968 as in section 86 of the Social Work (Scotland) Act 1968;
10. recovering charges for services provided under the Social Work (Scotland) Act 1968 as in section 87 of the Social Work (Scotland) Act 1968, but subject to directions or regulations under sections 1 to 6 of Community Care and Health (Scotland) Act 2002;
11. providing welfare services for people (including, for example, assistance in arranging the carrying out of any works of adaptation in homes);
12. providing information on Health and Social Care services for people to whom the section applies and any relevant services of other authorities or organisations as in section 9 of the Disabled Persons (Services, Consultation and Representation) Act 1986;
13. making arrangements for facilities for seriously disabled persons for sheltered employment and training as in section 3 of the Disabled Persons (Employment) Act 1958;
14. co-ordinating and overseeing applications for the registration of all services provided by the Council and all related matters as in sections 59, 62 to 75 and 83 to 89 of the Public Services Reform (Scotland) Act 2010;



15. administering the Panel or Panels appointed under the Curators ad litem and Reporting Officers (Panels) (Scotland) Regulations 2001, including arrangements for training of members of said Panel or Panels;
16. authorising the following finance related issues in accordance with the Financial Regulations and Council Policies:
  - (a) authorise the write-off of debts or charges in the following circumstances:
    - i. incorrect assessment brought to light at later date;
    - ii. where the service user has died and there is no money in the estate;
    - iii. where the service user cannot be traced;
    - iv. in the case of a service dispute where a complaint has been upheld; and
    - v. for social reasons;
  - (b) reimbursing carers and substitute carers for loss or damage (*ex gratia*) of up to £500;
  - (c) reimbursing staff for loss or damage (*ex gratia*) of up to £500;
  - (d) making payments to staff for emergency expenses (*ex gratia*) of up to £50; and
  - (e) reimbursing neighbours and relatives of departmental carers for loss or damage caused by service users (*ex gratia*) of up to £500, where it would be in the interest of the Council to maintain goodwill, subject to appropriate consultation with the relevant convener or vice-convener;

### **Community Care**

17. taking any necessary action on behalf of the Council to ensure that it discharges its duties under the Adult Support and Protection (Scotland) Act 2007, including:

- (a) making inquiries about a person's well-being, property or financial affairs if it is known or believed that the person is an adult at risk and that intervention might be needed to protect the person's well-being, property or financial affairs (section 4);
  - (b) applying to the sheriff for an order which authorises a Council officer to take a specified person from a place being visited (sections 7 and 11);
  - (c) if recommended by the relevant medical officer, applying for an order to remove to suitable premises a person in need of care and attention (sections 14 to 18); and
  - (d) applying for a banning order (sections 19 to 34);
18. preparing and publishing a plan for providing community care services in Edinburgh as in section 5A of the Social Work (Scotland) Act 1968;
  19. promoting social welfare including giving help "in kind or in cash" where the terms of section 12 of the Social Work (Scotland) Act 1968 are met;
  20. safeguarding and promoting the welfare of children in need and giving help "in kind or in cash" as in section 22 of the Children (Scotland) Act 1995;
  21. collaborating with individuals and carers to assess their needs and providing information in accordance with sections 12A, 12AA and 12AB of the Social Work (Scotland) Act 1968;
  22. making arrangements with voluntary or other organisations for residential accommodation where nursing is provided for people who appear to need such accommodation as in section 13A of the Social Work (Scotland) Act 1968;
  23. approving rates for and contracts for delivery of residential and other services in circumstances where the politically approved pricing policy does not apply;

24. assessing needs of disabled or chronically sick people as in section 4 of the Disabled Persons (Services, Consultation and Representation) Act 1986;
25. assisting persons in need in disposal of produce of their work as in section 13 of the Social Work (Scotland) Act 1968;
26. approving waivers or disregards in respect of determining a client's liability for contribution to social care and housing support services provided;
27. approving waivers and disregards in respect of determining a client's liability for contribution to care home (residential/nursing) costs;
28. approving the variation, suspension or termination of contracts with providers in line with the Council's Quality Assurance arrangements for health and social care services;
29. providing or securing the provision of care and support services including residential services for people who are, or have been, suffering from mental disorder as defined in section 25 of the Mental Health (Care and Treatment) (Scotland) Act 2003;
30. providing after-care services for people who are/have been, suffering from mental disorder as in section 26 of the Mental Health (Care and Treatment) (Scotland) Act 2003;
31. appointing Mental Health officers as in section 32 of the Mental Health (Care and Treatment) (Scotland) Act 2003, and supervising the discharge of their statutory responsibilities;
32. discharging the Council's duties under the Adults with Incapacity (Scotland) Act 2000, including:
  - (a) the following duties within section 10:
    - i. supervising guardians;
    - ii. consulting the Public Guardian and Mental Welfare Commission on matters of common interests;

- iii. receiving and investigating complaints about welfare attorneys and matters of common interests;
- iv. receiving and investigating complaints about welfare attorneys and guardians; and
- v. providing a guardian, welfare attorney or person authorised under an intervention order when requested; and

(b) the following duties within section 57:

- i. applying to be a guardian of an adult if there is no other suitable adult and managing the property, financial affairs and welfare of that adult in accordance with any order issued by the court in that regard; and
- ii. providing court reports of private applications to be a guardian;

### **Criminal Justice**

33. supervising and managing offenders subject to community orders or released from prison (or in similar circumstances) including:

- (a) reports for courts and hearings (excluding children);
- (b) probation orders;
- (c) community payback orders;
- (d) community service;
- (e) supervised attendance orders;
- (f) drug treatment and testing orders;
- (g) orders under section 57 of the Criminal Procedure (Scotland) Act 1995;
- (h) diversion from prosecutions;

- (i) parole, or other supervised conditional release from prison;
  - (j) provision of advice, guidance and assistance if requested by a person released from prison or detention within the previous 12 months; and
  - (k) throughcare services for serving and released prisoners;
34. providing advice, guidance and assistance to a person who is arrested and detained in police custody, or on whom sentence is deferred in terms of section 27ZA of the Social Work (Scotland) Act 1968; and
35. taking steps to ensure the Council complies with its duties to co-operate with the Scottish Minister and community justice authorities when carrying out its functions in accordance with sections 1 and 10 to 12 of the Management of Offenders etc. (Scotland) Act 2005.

## **APPENDIX 6**

### **DELEGATION TO THE DIRECTOR OF SERVICES FOR COMMUNITIES**

These are the functions referred to in paragraph 10 of the Scheme:

#### **Notices and Orders**

1. signing notices and orders about road traffic matters;

#### **Roads**

2. overseeing the general management and maintenance of roads (section 1(1) of Roads (Scotland) Act 1984);
3. adding roads to or taking them off the roads authority's list of public roads (section 1(4) of the Roads (Scotland) Act 1984);
4. advising frontagers of the Council's intention to add to or delete from the list of public roads (section 1(5) of the Roads (Scotland) Act 1984);
5. altering or improving existing or proposed roads that cross public roads (section 12 of the Roads (Scotland) Act 1984);
6. serving notice on frontagers of a private road to make up and maintain that road (section 13(1) of the Roads (Scotland) Act 1984);
7. contributing to, or carrying out work on private roads (section 14(1) of the Roads (Scotland) Act 1984);
8. carrying out emergency work on private roads (section 15 of the Roads (Scotland) Act 1984);
9. determining applications for private roads to become public roads when Road Construction Consents are sought (section 16 of the Roads (Scotland) Act 1984);
10. entering into agreements to take over footpaths in accordance with section 18 of the Roads (Scotland) Act 1984;
11. constructing new roads other than special roads which are considered requisite (section 20(1) of the Roads (Scotland) Act 1984);

12. entering new roads constructed by the local roads authority into the list of public roads (section 20(2) of the Roads (Scotland) Act 1984);
13. granting all road construction applications (section 21 of the Roads (Scotland) Act 1984) except:
  - (a) where there are unresolved objections;
  - (b) when the application is recommended for refusal; and
  - (c) when an applicant wishes to be heard by the Committee in connection with a conditional consent or refusal that has been recommended;
14. serving notices to conform to conditions imposed in a Road Construction Consent (section 21(5) of the Roads (Scotland) Act 1984);
15. stopping up or temporarily closing a new road where there is no construction consent or it is not conformed with (section 23 of the Roads (Scotland) Act 1984);
16. raising, lowering or altering the level of a public road (section 24 of the Roads (Scotland) Act 1984);
17. providing footways for the safety or convenience of pedestrians (section 25 of the Roads (Scotland) Act 1984);
18. constructing, lighting and maintaining pedestrian subways under, or footbridges over, the road for the purpose of making the crossing of a public road less dangerous for pedestrians or protecting traffic along the road from danger (section 26 of the Roads (Scotland) Act 1984);
19. constructing and maintaining works in the carriageway of a public road (section 27 of the Roads (Scotland) Act 1984);
20. providing and maintaining raised paving, pillars, walls, rails, fences or barriers at certain places (section 28 of the Roads (Scotland) Act 1984);

21. putting up and maintaining fences or posts to prevent access or to set the boundary for a road or proposed road (section 29 of the Roads (Scotland) Act 1984);
22. carrying out work to protect roads against hazards of nature (such as snow, flood or landslide) (section 30 of the Roads (Scotland) Act 1984);
23. using the road authority's powers for draining roads (section 31 of the Roads (Scotland) Act 1984);
24. contributing to the costs of drainage work (e.g. for flood prevention) (section 32 of the Roads (Scotland) Act 1984);
25. providing and maintaining snow gates for the purpose of temporarily closing a road to vehicular traffic on any occasions when snow is rendering or has rendered that road unsafe; and closing and securing any snow gate on the road against traffic (except traffic engaged in the provision or restoration of essential services) in accordance with the provisions set out in section 33 of the Roads (Scotland) Act 1984;
26. taking reasonable steps to prevent snow and ice endangering safe passage over public roads (section 34 of the Roads (Scotland) Act 1984);
27. providing and maintaining lighting on roads or proposed roads (section 35 of the Roads (Scotland) Act 1984);
28. constructing road humps (section 36 of the Roads (Scotland) Act 1984);
29. consulting on providing road humps (section 37 of the Roads (Scotland) Act 1984);
30. constructing traffic calming works (section 39A of the Roads (Scotland) Act 1984);
31. providing, maintaining and removing cattle-grids (sections 41, 42 and 43 of the Roads (Scotland) Act 1984);
32. entering into agreements with other neighbouring authorities in respect of cattle grids (section 44 of the Roads (Scotland) Act 1984);



33. providing cattle grids to supersede gates (section 45 of the Roads (Scotland) Act 1984);
34. making agreements for cattle grids with landowners (section 46 of the Roads (Scotland) Act 1984);
35. contributing towards the cost of cattle grids (section 47 of the Roads (Scotland) Act 1984);
36. entering into agreements with any persons willing to contribute to the construction or improvement of a road (section 48 of the Roads (Scotland) Act 1984);
37. maintaining structures and equipment for the detection of traffic offences (section 49A of the Roads (Scotland) Act 1984);
38. planting trees, shrubs, grass and other plants within the boundaries of a public road (section 50 of the Roads (Scotland) Act 1984);
39. allowing trees, shrubs, grass and other plants to be planted by people other than the roads authority (section 51 of the Roads (Scotland) Act 1984);
40. carrying out works to mitigate any adverse effect which the construction, improvement, existence or use of any road has or will have on the surroundings (section 52 of the Roads (Scotland) Act 1984);
41. making agreements to use land for landscaping to mitigate the effects of road construction (section 53 of the Roads (Scotland) Act 1984);
42. providing and maintaining rubbish bins or storage bins on roads (section 54 of the Roads (Scotland) Act 1984);
43. authorising in writing work in or excavation under a public road (section 56 of the Roads (Scotland) Act 1984);
44. taking action to eliminate danger caused by works in or under a road (section 57 of the Roads (Scotland) Act 1984);
45. granting permission in writing for any person to leave material on a road, or occupy it in any other way, for building purposes (section 58 of the Roads (Scotland) Act 1984);

46. giving written consent, with reasonable conditions attached as appropriate, for things to be placed or deposited in a road (section 59 of the Roads (Scotland) Act 1984);
47. enforcing rectification of failures to mark, light, fence or sign an obstruction in a road, or enforcing a person to shore up or otherwise protect a building in accordance with section 60 of the Roads (Scotland) Act 1984;
48. allowing equipment to be placed under a road (section 61 of the Roads (Scotland) Act 1984);
49. temporarily prohibiting or restricting the use of roads which are dangerous (section 62 of the Roads (Scotland) Act 1984);
50. serving notice that a satisfactory vehicle crossing must be made (section 63 of the Roads (Scotland) Act 1984);
51. giving statutory undertakers consent to work on footways, footpaths and cycle tracks (section 64 (2) of the Roads (Scotland) Act 1984);
52. serving notices on owners or occupiers who fail to keep any structures or fixtures (including cellar openings, doors and covers) or vaults, arches, cellars and tunnels in good condition and repair and requiring them to replace, repair or put into good condition such structures, and paying any associated expenditure incurred by owners or occupiers (section 66 of the Roads (Scotland) Act 1984);
53. issuing notices to enforce an owner to alter a door, gate, window, window shutter or bar in order that it does not reduce safety or convenience by opening outwards into a road (section 67 of the Roads (Scotland) Act 1984);
54. starting the consultation process to stop up public and private access to land (sections 70 and 72 of the Roads (Scotland) Act 1984);
55. stopping up public and private access to land where no objections have been received following notice to the public (sections 70 and 72 of the Roads (Scotland) Act 1984);
56. making land temporarily available for alternative routes during road improvement works (section 74 of the Roads (Scotland) Act 1984);

57. diverting waters (to construct, improve, protect roads) (section 78 of the Roads (Scotland) Act 1984);
58. entering into agreements to maintain or contribute to the cost of maintaining bridges (section 79 of the Roads (Scotland) Act 1984);
59. serving notices relating to the obstruction of views at corners, bends and junctions (section 83 of the Roads (Scotland) Act 1984);
60. giving written permission for skips to be left on a road (section 85 of the Roads (Scotland) Act 1984);
61. removing skips which are causing danger or obstruction (section 86 of the Roads (Scotland) Act 1984);
62. requiring persons to remove structures that have been erected, deposited or placed on a road in accordance with section 87 of the Roads (Scotland) Act 1984;
63. removing or altering projections of any buildings that interfere with safe or convenient passage along a road (section 88 of the Roads (Scotland) Act 1984);
64. intimating to owners that they must remove objects which have fallen onto a road causing an obstruction, and if the owner cannot be traced or fails to remove the object within a reasonable period of time, or if the case is one of emergency, removing such objects (section 89 of the Roads (Scotland) Act 1984);
65. taking all reasonable steps for the purpose of warning road users of obstructions in accordance with section 89 of the Roads (Scotland) Act 1984;
66. recovering from owners any expenses reasonably incurred in the removal of obstructions in accordance with section 89 of the Roads (Scotland) Act 1984;
67. agreeing to any overhead bridge, beam, rail or similar apparatus being fixed or placed over, along, or across a road (section 90 of the Roads (Scotland) Act 1984);

68. serving notices on owners to carry out work to remove danger where a hedge, tree, or shrub is causing danger, obstruction or interference to passing vehicles or pedestrians, and carrying out such work if required in accordance with section 91 of the Roads (Scotland) Act 1984;
69. giving consent for trees or shrubs to be planted within 5 metres of a carriageway and removing trees or shrubs planted without such consent (section 92 of the Roads (Scotland) Act 1984);
70. taking steps to protect road users from dangerous things on land beside or near a road (section 93 of the Roads (Scotland) Act 1984);
71. serving notices on occupiers of land adjoining a road to take steps to remove any risks of injury caused by wire, electrified fence, spikes, glass or any device (section 93 of the Roads (Scotland) Act 1984);
72. filling in a pipe or ditch next to or near a public road which is a danger to road users (section 94 of the Roads (Scotland) Act 1984);
73. recovering the cost of clearing mud, clay and so on, on a road (section 95 of the Roads (Scotland) Act 1984);
74. recovering extraordinary costs for maintaining a road that has excessively heavy traffic (section 96 of the Roads (Scotland) Act 1984);
75. giving consent in writing to stalls and similar structures being put up next to a principal road for the purposes of selling goods (section 97 of the Roads (Scotland) Act 1984);
76. taking action related to stray and other animals on roads (section 98 of the Roads (Scotland) Act 1984);
77. serving notices on the owners or occupiers of land who are not preventing the flow of water, filth or other offensive matter from their land onto a road, and consenting to other persons carrying out such preventative work with any reasonable conditions in accordance with section 99 of the Roads (Scotland) Act 1984;
78. acquiring land when constructing or improving roads for schemes approved by the Council (sections 104, 106 and 107 of the Roads (Scotland) Act 1984);

79. acquiring land to improve amenity of new or improved road for schemes approved by the Council (section 105 of the Roads (Scotland) Act 1984);
80. obtaining materials for road repairs (section 121 of the Roads (Scotland) Act 1984);
81. giving people powers of entry for surveys and inspections (section 140(1) of the Roads (Scotland) Act 1984);
82. recovering expenses incurred when surveying land, etc. in connection with the Council's duties as roads authority (section 140(6) of the Roads (Scotland) Act 1984);
83. carrying out work that someone has failed to do (section 141 of the Roads (Scotland) Act 1984);
84. carrying out the roads authority's enforcement functions under the Roads (Scotland) Act 1984;

#### **Traffic**

85. commencing and completing the statutory procedure set out in the Local Authorities' Traffic Orders (Procedure) (Scotland) Regulations 1999, and doing all necessary preparation prior to making orders under the following sections of the Road Traffic Regulation Act 1984:
  - (a) sections 1, 2, and 4 (road traffic orders);
  - (b) section 9 (experimental traffic orders);
  - (c) section 19 (regulation of highways by public service vehicles);
  - (d) sections 32, 35, 45, 46 and 49 (parking places);
  - (e) section 37 (extension of powers for purposes of general scheme traffic control);
  - (f) section 53 (designation orders);
  - (g) sections 82 and 83 (restricted roads); and
  - (h) section 84 (speed limit orders);

86. making orders under sections 1, 2, 4, 9, 19, 32, 35, 37, 45, 46, 49, 53, 82, 83 and 84 (as described in paragraph 84 above) of the Road Traffic Regulation Act 1984 where there have been no objections received by the public;
87. in relation to orders made under paragraph 85 of the Scheme, making decisions that section 3(1) of the Road Traffic Regulation Act 1984 shall not have effect;
88. commencing and completing the statutory procedure set out in the Stopping Up of Roads and Private Accesses and the Redetermination of Public Rights of Passage (Procedure) (Scotland) Regulations 1986 prior to:
  - (a) making orders determining the means of exercise of a public right of passage under section 152(2) of the Roads (Scotland) Act 1984; and
  - (b) making orders stopping up roads and dangerous accesses under sections 68 and 69 of the Roads (Scotland) Act 1984;
89. making orders determining the means of exercise of a public right of passage where no objections have been following notice to the public (section 152(2) of the Roads (Scotland) Act 1984);
90. making orders to stop up roads and dangerous accesses where no objections have been received following notice to the public (sections 68 and 69 of the Roads (Scotland) Act 1984);
91. recovering the costs of stopping-up orders made under section 68(1) of the Roads (Scotland) Act 1984 (section 147 of the Roads (Scotland) Act 1984);
92. recovering the costs of stopping up roads for safety reasons (section 147 of the Roads (Scotland) Act 1984);
93. recovering the costs of re-determination orders made under section 152(2) of the Roads (Scotland) Act 1984;
94. remitting proposed orders made under sections 68, 69 or 152(2) of the Roads (Scotland) Act 1984 to the Scottish Ministers for consideration where objections have been received and not subsequently withdrawn,

- in accordance with Regulation 13 of the Stopping Up of Roads and Private Accesses and the Redetermination of Public Rights of Passage (Procedure) (Scotland) Regulations 1986;
95. modifying in order to make less onerous (where the modification will remove an objection), or suspending, experimental traffic orders (section 10 of the Road Traffic Regulation Act 1984);
  96. temporarily restricting or banning the use of roads (section 14 and 16A of the Road Traffic Regulation Act 1984);
  97. putting up, maintaining and altering pedestrian crossings on roads other than trunk roads (section 23 of the Road Traffic Regulation Act 1984);
  98. making arrangements for school crossing patrols (siting, selecting and training staff) (section 26 of the Road Traffic Regulation Act 1984);
  99. managing off-street parking places including provision of buildings and apparatus, etc (including the contracting out of any charges) (section 33 of the Road Traffic Regulation Act 1984);
  100. providing access to premises through off-street parking places where this would relieve or prevent congestion (section 34 of the Road Traffic Regulation Act 1984);
  101. acquiring land for off-street parking for schemes approved by the Council (section 40 of the Road Traffic Regulation Act 1984);
  102. buying or hiring parking meters (section 49 of the Road Traffic Regulation Act 1984);
  103. providing stands and racks for bicycles in a road or elsewhere (section 63 of the Road Traffic Regulation Act 1984);
  104. causing or allowing traffic signs to be placed on or near any road (section 65 of the Road Traffic Regulation Act 1984);
  105. consulting on the placing of traffic signs in certain circumstances (section 68 of the Road Traffic Regulation Act 1984);
  106. serving notices on owners to remove unauthorised traffic signs (section 69 of the Road Traffic Regulation Act 1984);

107. entering any land and carrying out other powers for placing, replacing, converting and removing traffic signs (section 71 of the Road Traffic Regulation Act 1984);
108. putting up and maintaining signs showing a speed limit (section 85 of the Road Traffic Regulation Act 1984);
109. placing bollards or other obstructions on roads where an order is in force that prevents or restricts the passage of vehicles (section 92 of the Road Traffic Regulation Act 1984);
110. placing bollards on a road where authorised or ordered by the Scottish Ministers (section 93 of the Road Traffic Regulation Act 1984);
111. taking action to secure the expeditious, convenient and safe movement of traffic, including pedestrians, especially for access control of commercial and public service vehicles (section 122 of the Road Traffic Regulation Act 1984);
112. carrying out studies and implementing a programme of measures designed to promote safety (section 39 of the Road Traffic Act 1988);
113. consulting about road hump proposals and the placing of signs (Road Humps (Scotland) Regulations 1998);
114. effecting duties as to the general procedure to be followed before a temporary order is made (Paragraph 3 of the Road Traffic (Temporary Restrictions) Procedure Regulations 1992 );
115. effecting duties as to various procedures to be followed in respect of timing of road works (Road Works (Scottish Road Works Register, Notices, Directions and Designations) (Scotland) Regulations 2008);
116. effecting duties as to procedures to be followed in respect of timing of road works (The Road (Traffic Calming)(Scotland) Regulations 1994);
117. effecting duties as to procedures to be followed for consultation about traffic calming works and to the placing of signs at such works (The Roads (Traffic Calming)(Scotland) Regulations 1994 as amended);



118. carrying out the roads authority's responsibilities under the Local Government (Omnibus Shelters and Queue Barriers) (Scotland) Act 1958;
119. carrying out the roads authority's responsibilities including enforcement functions under the New Roads and Street Works Act 1991;
120. commenting as roads authority on planning applications (Town and Country Planning (Development Management Procedure) (Scotland) Regulations 2008);
121. agreeing to the provision of seats and other street furniture on footways (section 30 of the Local Government and Planning (Scotland) Act 1982);
122. advising other authorities on their proposals to 'stop up' roads (sections 1 and 9 of the Road Traffic Regulation Act 1984; sections 68, 69 and 152 of the Roads (Scotland) Act 1984);
123. providing and maintaining lighting on roads that are not maintained by the Council;
124. making arrangements for tenders and contracts for supported bus services under the Transport Act 1985;
125. arranging for minor spending on bus services to the limits in force for minor contracts under the Transport Act 1985;
126. erecting, moving and removing bus stops, shelters and information panels provided that no objections are made following notice to the public;
127. installing, moving and removing bus stop clearway markings under the Traffic Signs Regulations and General Directions 2002;
128. carrying out the Council's enforcement functions under the Road Traffic Regulation Act 1984, the Road Traffic Act 1991, the Transport (Scotland) Act 2001 and the Bus Lane Contraventions (Charges, Adjudication and Enforcement) (Scotland) Regulations 2011;
129. assessing whether people are eligible for forms of concessionary travel;

130. issuing and refusing to issue a disabled person's badge under the criteria prescribed in the Disabled Persons (Badges for Motor Vehicles) (Scotland) Regulations 2000;
131. asking the Traffic Commissioner to make a traffic regulation condition in respect of a local bus service (section 7 of the Transport Act 1985);
132. dealing with applications to run vehicles for the benefit of the community exempt from Public Service Vehicle etc requirements (section 19 of the Transport Act 1985);
133. dealing with applications to run a community bus service for the benefit of the community exempt from Public Service Vehicle, etc requirements (section 22 of the Transport Act 1985);
134. securing public transport services having regard for transport needs of members of the public who are elderly or disabled (section 63 of the Transport Act 1985); deciding the numbers of, and charges for, Edinburgh healthcare workers' parking permits subject to any disagreement with NHS Lothian being reported to Committee for decision;
135. approving or refusing applications for school crossing patrols in accordance with the Council Policies;

#### **Corporate Property**

136. concluding leases, missives of let, licence agreements or extensions of leases and licence agreements or similar on behalf of the Council where:
  - (a) the length of the lease/missive/agreement is no more than five years and the rent (exclusive of VAT) is no more than £50,000 a year; or
  - (b) the length of the lease/agreement is no more than one month;

save where any lease offer which includes an element of community benefit as set out in Council Policy is received, when the decision shall be referred to Committee;

137. negotiating, processing and instructing the Head of Legal, Risk and Compliance to conclude all rent reviews;
138. taking any action to ensure all terms of a lease or licence agreement are enforced, including terminating any lease or agreement and taking whatever action is necessary to effect an eviction where the tenant or licensee has failed to comply with the terms and conditions of the lease or agreement;
139. granting on behalf of the Council 'wayleave' agreements, and concluding missives and leases for sites for sub-stations, gas governors and similar installations for any period whatsoever, with the exception of:
  - (a) wayleaves for gas mains of a diameter greater than 225 mm;
  - (b) grids, oil or chemical pipelines; and
  - (c) overhead transmission lines with a capacity greater than 33,000 voltswhich would only be granted with the Council's consent;
140. granting and obtaining a Minute of Waiver for no more than £50,000;
141. buying and selling property or property rights up to £50,000 when this is required to help in the acquisition or disposal of a more valuable property and the cost can be offset against the acquisition/disposal;
142. permitting a tenant to assign their lease/agreement subject to the Council being in no worse a financial position;
143. buying land or property provided that it has been specifically budgeted for;
144. marketing surplus property for sale or lease and accepting the highest offer subject to being satisfied that this represents market value (if it is proposed that any offer other than the highest received be accepted, or when any offer includes an element of community benefit as set out in Council Policy then the matter must be considered and approved by the Finance and Resources Committee);

145. agreeing terms for the sale of small plots of land (including land held on the Housing Revenue Account) and instructing the Head of Legal, Risk and Compliance to conclude the sale, subject to being satisfied that this represents market value, and where:
- (a) the land is existing open space, for example amenity land, landscaping or verges adjoining roads and footpaths;
  - (b) the land does not exceed 150 metres<sup>2</sup>; and
  - (c) the use of the land would be for garden ground or for any other ancillary residential use;
146. negotiating and instructing the Head of Legal, Risk and Compliance to conclude the sale of residential properties under “Right to Buy” legislation;
147. where property is held for commercial or economic development purposes doing the following :
- (a) negotiating to dispose of land or property at values up to £250,000;
  - (b) negotiating the grant of “minutes of waiver”;
  - (c) signing all offers on behalf of the Council to let or take on lease properties where:
    - (a) the length of the lease is no more than five years and the exclusive rent is no more than £50,000 a year;  
or
    - (b) the length of the lease is no more than one month;save where any lease offer which includes an element of community benefit as set out in Council Policy is received, when the decision shall be referred to Committee;
  - (d) negotiating to renew or extend leases where it is uneconomic or unsuitable to advertise the properties;

- (e) agreeing to proposed transfers of leases where the Council is landlord, and instructing the Head of Legal, Risk and Compliance to conclude these;
148. where property is held on behalf of the Common Good, doing the following:
- (a) negotiating the grant of "minutes of waiver" or wayleaves;
  - (b) signing on behalf of the Council, as manager, to let properties where:
    - (a) the length of the lease is no more than five years and the exclusive rent is no more than £50,000 a year; or
    - (b) the length of the lease is no more than one month;
  - (c) negotiating to renew or extend leases where it is uneconomic or unsuitable to advertise these properties;
149. publishing notices of a proposed appropriation or disposal of land in accordance with sections 24(2A) and 27(2A) of the Town and Country (Scotland) Act 1959;
150. negotiating and settling all claims for compensation where property has been purchased by the Council under a compulsory purchase order or requires to be purchased for a scheme or project included within the Council's Capital Investment Programme or where there has been a loss in value of property relating to works carried out by the Council;

### **Housing and Regeneration**

151. approving offers and authorising payments of grants to Registered Social Landlords;
152. where grants have been paid to Registered Social Landlords agreeing options of recycling or repayment of such grants in the case of property disposals, subject to consultation with the appropriate convener or vice convener where the value of the grant is more than £250,000;

153. authorising and carrying out repairs and maintenance to homes owned by the Council for the purposes of affordable rent (“Council Homes”) in accordance with the Council’s repairs policy;
154. operating the “Right to Repair” scheme for tenants of Council Homes;
155. consenting to repairs and improvements of Council Homes;
156. determining whether the costs of repair and improvements to Council Homes should be reimbursed and to what extent;
157. maintaining a common housing register and allocating Council Homes in accordance with the Council’s lettings policy;
158. collecting rent, service charges and court costs where applicable from current and former tenants of Council Homes;
159. writing off the arrears balances of former tenants of Council Homes in accordance with Council Policies;
160. consulting with tenants of Council Homes on increases to rent and service charges;
161. carrying out regular maintenance of land held on the Housing Revenue Account;
162. instructing repairs to common areas in accordance with the Tenements (Scotland) Act 2004;
163. preparing and implementing a Tenant Participation Strategy, including keeping a register of tenant organisations in accordance with the Housing (Scotland) Act 2001 and awarding grants up to the sum of £5,000;
164. undertaking housing offender management (sex and serious violent offenders);
165. registering the Council as a property factor with the Scottish Government and taking steps to comply with the code of conduct’s standards of practice, in accordance with the Property Factors (Scotland) Act 2011;

166. preparing and maintaining a register of private landlords under the Antisocial Behaviour etc. (Scotland) Act 2004;
167. carrying out functions under Part 9 of the Antisocial Behaviour etc. (Scotland) Act 2004;
168. entering relevant persons on the register of private landlords on receipt of a valid application to register or where a relevant person has made a valid houses of multiple occupancy application;
169. approving the entitlement to the relevant discounts of the fee to be entered on the register of private landlords;
170. carrying out the Council's duties as a landlord under section 30 of the Housing (Scotland) Act 1988;
171. issuing, serving, suspending and revoking work notices under sections 30, 31 and 32 of the Housing (Scotland) Act 2006;
172. carrying out work where the owner of a house fails to comply with a work notice or a demolition notice under section 35 of the Housing (Scotland) Act 2006;
173. carrying out work after notification by a private rented housing committee under section 36 of the Housing (Scotland) Act 2006;
174. carrying out the Council's functions in relation to maintenance under Part 1, Chapter 6 of the Housing (Scotland) Act 2006;
175. carrying out the Council's functions in relation to the licensing of houses in multiple occupation under Part 5 of the Housing (Scotland) Act 2006;
176. carrying out the Council's functions in relation to rights of entry under Part 9 of the Housing (Scotland) Act 2006;
177. exercising the Council's powers under Part 10 of the Housing (Scotland) Act 2006;
178. granting, varying, refusing, extending and revoking temporary exemption orders in terms of section 142 and 143 of the Housing (Scotland) Act 2006;

179. issuing rent penalty notices under the Antisocial Behaviour etc. (Scotland) Act 2004;
180. where appropriate, refunding fees that have been paid by applicants to be placed on the register of landlords;
181. processing applications for improvement grants and domestic sound-proofing grants including authority to make payments;
182. seeking the Scottish Minister's approval to raise the level of grant given to an owner-occupier for reasons of hardship;
183. carrying out assessments to determine homelessness or the threat of homelessness, and discharging the Council's duties in respect of those assessed as either being homeless or under threat of homelessness;
184. carrying out spot purchases of accommodation, including Bed and Breakfasts, for homeless, temporary or emergency accommodation;
185. entering into leasing agreements with Registered Social Landlords for homeless, temporary or emergency accommodation;
186. carrying out repairs to white goods and furnishings in homeless, temporary or emergency accommodation and core furnished tenancies;
187. kennelling pets for households staying in homeless, temporary or emergency accommodation;
188. determining who receives housing support in line with Council Policies;
189. implementing and enforcing the conditions of the Council's tenancy agreements for Council Homes including decisions to progress cases for repossession and eviction action;
190. determining eligibility of applicants and administering the sale of Council Homes under "Right to Buy" legislation;
191. purchasing and selling property on the Housing Revenue Account up to a value of £250,000, provided that such purchases are reported annually to the appropriate committee;



192. serving notices for repairs, enforcement, carrying out and recovery of costs and expenses in terms of Part 8 of the Civic Government (Scotland) Act 1982 and Part 4 of the Building (Scotland) Act 2003;
193. withdrawing, waiving and relaxing notices issued under Part 4 of the Building (Scotland) Act 2003;
194. responding in emergency situations and carrying out repairs immediately where damage to property or health or safety matters are issues and recovering the costs and expenses of doing so;
195. inspecting properties, serving (as proper officer) and enforcing notices and recovering costs under the Edinburgh District Council Order Confirmation Act 1991;
196. executing any works necessary for securing, restoring or repairing privately owned properties, and recovery from the owners of the relevant properties of any expenses reasonably incurred by the Council in doing so, all in accordance with the Edinburgh District Council Order Confirmation Act 1991;

### Licensing

197. granting or refusing permits for public charitable collections in accordance with criteria approved by the Regulatory Committee;
198. granting, attaching conditions to, ~~or~~ refusing and issuing applications for licences etc. under the Civic Government (Scotland) Act 1982 and the legislation listed in Part A of Appendix 10 (including taxi and private hire car licence applications where an adverse medical report has been received) subject to:
  - (a) consultation with two of the members of the Regulatory Committee on a weekly duty rota (after consideration of reports by the appropriate officials); and
  - ~~(b)~~ (b) there being no objection or unresolved representation from a member of the public or the Chief Constable to the application;
199. subject to consultation with the Convener or Vice-Convener of the Licensing Sub-Committee, granting, attaching conditions to, ~~or~~

refusing and issuing applications for any temporary licences etc. under the Civic Government (Scotland) Act 1982 and the legislation listed in Part A of Appendix 10 where there has been an objection or unresolved representation from a member of the public or the Chief Constable to the application and where it is not practicable for the application to be considered by a scheduled meeting of the Licensing Sub-Committee prior to the date the licence, if granted, is due to commence;

200. granting, renewing, ~~or varying~~ and issuing any licence where Police Scotland has made a representation about conditions to be attached to the licence and where the applicant has indicated in writing that he/she agrees to the conditions;

201. renewing and issuing licences etc. under the Civic Government (Scotland) Act 1982 and the legislation listed in Part A of Appendix 10 if satisfied (after considering reports by appropriate officials) as to their non-contentious nature;

202. keeping a public register of applications, permissions and licences;

203. granting and issuing late hours catering licence renewals with hours in excess of zoning policy, where those hours had been enjoyed in the preceding year without complaint;

204. determining an application for an exemption from the requirement to have a late hours catering licence in respect of any particular occasion or during a specified period not exceeding two months in any period of 12 months, and, where appropriate, to attach to such exemption any of the standing conditions applying to late hours catering licences;

~~203.~~

~~204-205.~~ \_\_\_\_\_ refunding a reasonable part of the appropriate application fee (or part of the fee) for applications which have been withdrawn or refused and licences which have been granted, in accordance with Council Policy;

~~205-206.~~ \_\_\_\_\_ advertising any proposed taxi stance appointment, variation or revocation and:

Formatted: Indent: Left: 63 pt, Line spacing: Multiple 1.1 li, No bullets or numbering, No widow/orphan control

- (a) determining the proposal where no public objections or representations are received, ~~(otherwise referring the proposal to the Committee only)~~; and
- (b) determining the starting date of any change;

~~206-207.~~ determining whether good cause has been shown to deem an accepting a new application from a taxi or private hire car owner for renewal of a licence made up to 28 days up to four weeks after the expiry of their existing licence at the rate appropriate for a renewal is to be treated as if the licence had been made prior to its expiry;

~~207. determining taxi and private hire car licence applications where an adverse medical report has been received;~~

208. subject to consultation with the Convener or Vice-Convener of the Licensing Sub-Committee, considering whether there is a serious threat to public order or public safety which would justify a temporary suspension of any licences etc. under the Civic Government (Scotland) Act 1982 and the legislation listed in Part A of Appendix 10, and where it is considered that such a serious threat to public order or public safety exists, temporarily suspending the relevant licences etc. for a period of not more than 6 weeks or until the suspension is considered by the Licensing Sub-Committee, whichever is sooner;

209. suspending taxi and private hire driver licences on a temporary basis on medical grounds during the currency of a licence where the licence holder is in agreement;

210. exempting new taxi driver licence applicants from elements of the compulsory training course if they have alternative equivalent qualifications ~~after consultation with the Cab Inspector and training course officials at Edinburgh College;~~

211. accepting new applications to drive taxis or private hire cars from previously licensed drivers up to six months after the expiry of their licence at the appropriate renewal fee;

212. exercising the Council's overriding discretion in respect of section 187(a)(i) of the City of Edinburgh Council's Licensing Conditions for Taxis, Private Hire Cars, Taxi Drivers and Private Hire Car Drivers 2006) to consider any negative factor such as:
- (a) whether the width deviated from the manufacturer's specification for standard vehicles of that type;
  - (b) whether factory options such as wide wheels and tyres had been added; and
  - (c) whether the vehicle could safely fit/utilise any taxi stance, without the stance being modified;
213. approving the installation of WiFi, CCTV or other camera equipment in any relevant licensed vehicle;
214. determining whether alleged changes in circumstances are adequate to allow the processing of a further application for a civic licence within 12 months of a refusal (including licences for houses in multiple occupation);
215. accepting a re-application for a civic licence within 12 months of a refusal under existing delegated powers due to an error of material fact and transferring the original fee to the re-application (including licences for houses in multiple occupation);
216. issuing letters of confirmation in respect of notification of public processions received with the exception of any notification attracting representations that cannot be resolved through negotiation;
217. determining requests for variation of fees for Houses in Multiple Occupation licences;
218. appointing members to vacancies arising in the membership of the Council's Licensing Forum;
219. appointing Licensing Standards Officers in accordance with section 13 of the Licensing (Scotland) Act 2005;

220. determining and issuing wheelchair exemptions on a temporary basis in respect of the City of Edinburgh Council's Licensing Conditions for Taxis, Private Hire Cars, Taxi Drivers and Private Hire Car Drivers;

219-221. determining whether to hold a hearing to consider the suspension of a licence in terms of the Civic Government (Scotland) Act 1982;

**Community safety, environmental, consumer protection and registration etc.**

220-222. exercising statutory duties, functions and enforcement under the legislation listed in Part B of Appendix 10;

221-223. when appointed by the Scottish Ministers, acting on any Emergency Order made under Part I of the Food and Environment Protection Act 1985;

222-224. carrying out reviews of air quality in accordance with section 82 of the Environment Act 1995;

223-225. carrying out assessments of air quality and the achievement of air quality standards or objectives in accordance with section 84 of the Environment Act 1995;

224-226. complying with any regulations made under section 87 of the Environment Act 1995;

225-227. enforcing pollution and nuisance control measures in accordance with sections 107, 108 and 109 of the Environment Act 1995;

226-228. issuing suspension notices under section 14 of the Consumer Protection Act 1987 for goods which are suspected to be unsafe;

227-229. granting licences under the Health and Safety at Work etc. Act 1974 and the Petroleum Acts 1928 and 1936;

228-230. making registrations under the Health and Safety and Work etc. Act 1974 and The Poisons Act 1972;

~~229-231.~~ \_\_\_\_\_ appointing and exercising the powers of health and safety inspectors under sections 19 and 20 of the Health and Safety at Work etc. Act 1974;

~~230-232.~~ \_\_\_\_\_ serving improvement notices and prohibition notices under sections 21 and 22 and in accordance with section 23 of the Health and Safety at Work etc. Act 1974;

~~231-233.~~ \_\_\_\_\_ dealing with causes of imminent danger in accordance with section 25 of the Health and Safety at Work etc. Act 1974;

~~232-234.~~ \_\_\_\_\_ providing information upon request under section 27 of the Health and Safety at Work etc. Act 1974;

~~233-235.~~ \_\_\_\_\_ issuing credentials to enforcement staff so that they can deal with enforcing and licensing as provided by the relevant legislation and European directives;

~~234-236.~~ \_\_\_\_\_ providing mobile toilet units, waste containers and assistance in kind to community organisations and charities for special events for which budget provision has been made, and charging for provisions of these services where appropriate;

~~235-237.~~ \_\_\_\_\_ performing the Council's public health duties under sections 11 to 21 of the Edinburgh District Council Order Confirmation Act 1991, including registering premises for acupuncturists, ear piercers and electrolysisists;

~~236-238.~~ \_\_\_\_\_ enforcing the removal or discontinuation of advertisements under section 186 of the Town and Country Planning (Scotland) Act 1997;

~~237-239.~~ \_\_\_\_\_ removing or obliterating placards or posters in accordance with section 187 of the Town and Country Planning (Scotland) Act 1997;

~~238-240.~~ \_\_\_\_\_ appointing officer to carry out the functions of the Public Analyst and Food Examiner (Food Safety Act 1990) and Agricultural Analyst/Depute Agricultural Analyst (Agriculture Act 1970);

~~239-241.~~ \_\_\_\_\_ exercising the Council's statutory duties and functions under the Food Safety Act 1990 in relation to issues of food hygiene, food safety and food standards, including labelling;

~~240-242.~~ \_\_\_\_\_ burying or cremating the body of any person who has died or been found dead in the Council's area in any case where it appears to the Council that no suitable arrangements for the disposal of the body have been or are being made otherwise than by the Council, and recovering from the estate of the deceased person the expenses incurred in doing so (section 50 of the National Assistance Act 1948);

~~241-243.~~ \_\_\_\_\_ burying or cremating the body of any deceased person who immediately before his death was in the care of, receiving assistance from, or was a child being looked after by the Council, and recovering the expenses of doing so from the estate of the deceased person or from any person who was liable to maintain the deceased person immediately before his death expenses incurred (section 28 of the Social Work (Scotland) Act 1968);

~~242-244.~~ \_\_\_\_\_ maintaining cemeteries in accordance with section 10 of the Edinburgh District Council Order Confirmation Act 1991;

~~243-245.~~ \_\_\_\_\_ awarding community grants from dedicated budgets;

~~244-246.~~ \_\_\_\_\_ providing and managing the Council's library services;

~~245-247.~~ \_\_\_\_\_ requiring any person to whom any article (other than a book or periodical) is lent to deposit with the Council a sum of money for the safe return of such article (section 6 of the City of Edinburgh District Council Order Confirmation Act 1991);

~~246-248.~~ \_\_\_\_\_ making a charge for notifying a person that an article reserved by him has become available for borrowing (section 6 of the City of Edinburgh District Council Order Confirmation Act 1991);

~~247-249.~~ \_\_\_\_\_ charging for the borrowing of any article (other than a book or periodical) or the provision of any service provided at libraries (section 6 of the City of Edinburgh District Council Order Confirmation Act 1991);

~~248-250.~~ \_\_\_\_\_ prescribing periods within which any article borrowed from a library must be returned, and exacting penalties for the retention by

borrowers of any article beyond such period (section 39(1)(a) of the Edinburgh Corporation Order Confirmation Act 1967);

~~249-251.~~ \_\_\_\_\_ exercising the Council's functions under the Registration of Births, Deaths and Marriages (Scotland) Act 1965, including registering births and deaths, appointing a registrar and providing and maintaining a registration office;

~~250-252.~~ \_\_\_\_\_ appointing an officer to carry out the function of dealing with stray dogs, and dealing with dogs under sections 149, 150 and 151 of the Environmental Protection Act 1990;

~~251-253.~~ \_\_\_\_\_ exercising the Council's functions under the Public Health etc. (Scotland) Act 2008, including serving notices on owners or occupiers of infected premises, inspecting premises and recovering expenses, and providing mortuaries;

~~252-254.~~ \_\_\_\_\_ carrying out periodical inspections and exercising the Council's inspections functions under sections 9A to 12 of the Zoo Licensing Act 1981;

~~253-255.~~ \_\_\_\_\_ considering and making arrangements for the welfare of animals following the closure of a zoo under sections 16E and 16G of the Zoo Licensing Act 1981;

~~254-256.~~ \_\_\_\_\_ controlling noise from construction sites by investigating, and serving and publishing notices in accordance with section 60 of the Control of Pollution Act 1974;

~~255-257.~~ \_\_\_\_\_ considering applications for consents for works in accordance with section 61 of the Control of Pollution Act 1974;

~~256-258.~~ \_\_\_\_\_ investigating noise nuisance, serving warning notices and fixed penalty notices, and seizing and removing equipment in accordance with sections 41 to 54 of the Antisocial Behaviour etc (Scotland) Act 2004;

~~257-259.~~ \_\_\_\_\_ inspecting and investigating statutory nuisances in accordance with section 79 of the Environmental Protection Act 1990;



~~258-260.~~ \_\_\_\_\_ serving abatement notices and fixed penalty notices and initiating proceedings in relation to statutory nuisances in accordance with sections 80, 80ZA and 80A of the Environmental Protection Act 1990;

~~259-261.~~ \_\_\_\_\_ abating nuisances and recovering costs in relation to statutory nuisances in accordance with sections 81, 81A and 81B of the Environmental Protection Act 1990;

~~260-262.~~ \_\_\_\_\_ issuing fixed penalty notices for contravention of unauthorised or harmful depositing of waste in accordance with section 33A of the Environmental Protection Act 1990;

~~261-263.~~ \_\_\_\_\_ complying with the duty of care in relation to controlled waste in accordance with section 34 of the Environmental Protection Act 1990;

~~262-264.~~ \_\_\_\_\_ issuing notices and requiring the removal of waste unlawfully deposited in accordance with section 59 of the Environmental Protection Act 1990;

~~263-265.~~ \_\_\_\_\_ promoting the abatement of litter in accordance with section 87 of the Environmental Protection Act 1990;

~~264-266.~~ \_\_\_\_\_ issuing fixed penalty notices for leaving litter in accordance with section 88 of the Environmental Protection Act 1990;

~~265-267.~~ \_\_\_\_\_ designating litter control areas in accordance with section 90 of the Environmental Protection Act 1990;

~~266-268.~~ \_\_\_\_\_ serving litter abatement notices in accordance with section 92 of the Environmental Protection Act 1990;

~~267-269.~~ \_\_\_\_\_ issuing street litter control notices in accordance with section 93 of the Environmental Protection Act 1990;

~~268-270.~~ \_\_\_\_\_ complying with regulations made by Scottish Ministers in relation to the display of advertisements in accordance with section 182 of the Town and Country Planning (Scotland) Act 1997;

~~269-271.~~ \_\_\_\_\_ removing abandoned vehicles in accordance with section 3 of the Refuse Disposal (Amenity) Act 1978;

~~270-272.~~ disposing of removed vehicles in accordance with section 4 of the Refuse Disposal (Amenity) Act 1978;

~~271-273.~~ recovering expenses in connection with removed vehicles in accordance with section 5 of the Refuse Disposal (Amenity) Act 1978;

~~272-274.~~ dealing with graffiti in accordance with sections 58 to 65 of the Antisocial Behaviour (Scotland) Act 2004, including serving graffiti removal notices;

~~273-275.~~ exercising the Council's functions and powers in relation to drains in accordance with sections 29 to 34 of the Edinburgh District Council Order Confirmation Act 1991, including removing obstructions and serving notices;

~~274-276.~~ serving notices in relation to environmental matters in accordance with section 160 of the Environmental Protection Act 1990;

~~275-277.~~ discharging the Council's functions in relation to genetically modified organisms, including entering and inspecting premises, in accordance with sections 114 to 117 of the Environmental Protection Act 1990;

~~276-278.~~ entering into agreements with Scottish Ministers to exercise the enforcement functions of the Scottish Ministers in relation to genetically modified organisms, in accordance with section 125 of the Environmental Protection Act 1990;

~~277-279.~~ inspecting land in relation to contaminated land in accordance with section 78B of the Environmental Protection Act 1990;

~~278-280.~~ serving notices to require the remediation of contaminated land in accordance with section 78E of the Environmental Protection Act 1990;

~~279-281.~~ determining appropriate people to bear responsibility for remediation in accordance with section 78F of the Environmental Protection Act 1990;

~~280-282.~~ consulting in relation to remediation notices in accordance with sections 78G and 78H of the Environmental Protection Act 1990;

~~281-283.~~ serving remediation notices in relation to the pollution of controlled waters in accordance with section 78J of the Environmental Protection Act 1990;

~~282-284.~~ serving remediation notices in relation to contaminating substances which escape to other land in accordance with section 78K of the Environmental Protection Act 1990;

~~283-285.~~ carrying out remediation to the relevant land or water environment in accordance with section 78N of the Environmental Protection Act 1990;

~~284-286.~~ recovering costs incurred in relation to remediation in accordance with section 78P of the Environmental Protection Act 1990;

~~285-287.~~ exercising the Council's functions where remediation notices have been served and the land becomes special land, in accordance with section 78Q of the Environmental Protection Act 1990;

~~286-288.~~ maintaining a register in relation to contaminated land in accordance with sections 78R, 78S and 78T of the Environmental Protection Act 1990;

~~287-289.~~ providing SEPA with information when requested in accordance with section 78U of the Environmental Protection Act 1990;

~~288-290.~~ having regard to guidance issued by SEPA in accordance with section 78V of the Environmental Protection Act 1990;

~~289-291.~~ exercising the Council's functions in relation to contaminated land in accordance with section 78X of the Environmental Protection Act 1990;

~~290-292.~~ carrying out the Council's enforcement functions under sections 68, 71, 74 and 78 of the Antisocial Behaviour etc. (Scotland) Act 2004

~~291-293.~~ carrying out the Council's enforcement functions in relation to fireworks in accordance with sections 2, 3 and 12 of the Fireworks Act 2003;

~~292-294.~~ entering and inspecting premises, issuing fixed penalties and commencing legal proceedings in relation to smoking, in accordance with sections 1 to 10 of the Smoking, Health and Social Care (Scotland) Act 2005;

~~293-295.~~ enforcing the safety provisions of the Motor Cycle Noise Act 1987;

~~294-296.~~ enforcing the provisions of the Tobacco Advertising and Promotion Act 2002 in accordance with sections 13 and 14 of that act;

~~295-297.~~ enforcing the duty to provide information on sale of houses, in accordance with sections 109 to 112 of the Housing (Scotland) Act 2006;

~~296-298.~~ exercising the Council's enforcement functions in accordance with sections 25 and 26 of the Tobacco and Primary Medical Services (Scotland) Act 2010;

~~297-299.~~ applying for tobacco retailing banning orders and ancillary orders in accordance with sections 15 to 19 of the Tobacco and Primary Medical Services (Scotland) Act 2010;

~~298-300.~~ issuing fixed penalty notices in accordance with section 27 of the Tobacco and Primary Medical Services (Scotland) Act 2010;

~~299-301.~~ exercising the Council's powers of entry in accordance with sections 28 to 31 of the Tobacco and Primary Medical Services (Scotland) Act 2010;

~~300-302.~~ exercising the Council's enforcement powers in relation to copyright infringement in accordance with sections 107A and 198A of the Copyright, Designs and Patents Act 1988;

~~301-303.~~ exercising the Council's enforcement functions and powers under the Enterprise Act 2002;

~~302-304.~~\_\_\_\_\_dealing with the clean up of spills in accordance with the Merchant Shipping (Oil Pollution Preparedness, Response and Co-operation Convention) Regulations 1998;

~~303-305.~~\_\_\_\_\_requiring the owner of a public building to execute works necessary to minimise the risk to the public in the event of danger in accordance with section 23 of the City of Edinburgh District Council Order Confirmation Act 1991;

~~304-306.~~\_\_\_\_\_requiring owners to carry out, or carrying out works to secure, restore or repair structures, fixtures, walls or fences that has become insecure, worn out, damaged or in need of repair, and recovering the costs of doing so, all in accordance with section 24 of the Edinburgh District Council Order Confirmation Act 1991;

~~305-307.~~\_\_\_\_\_giving notice to person requiring them to take steps to reduce the emission of dust in accordance with section 25 of the City of Edinburgh District Council Order Confirmation Act 1991;

~~306-308.~~\_\_\_\_\_serving notices in accordance with section 26 and in relation to sections 23 to 25 of the City of Edinburgh District Council Order Confirmation Act 1991;

~~307-309.~~\_\_\_\_\_cancelling and serving new notices under section 48 of the City of Edinburgh District Council Order Confirmation Act 1991;

~~308-310.~~\_\_\_\_\_entering premises to perform the Council's functions under the City of Edinburgh District Council Order Confirmation Act 1991 in accordance with section 53 of that act;

~~309-311.~~\_\_\_\_\_executing works and recovering the costs of doing so where an owner or occupier fails to do so after being served notice to do so in accordance with section 57 of the City of Edinburgh District Council Order Confirmation Act 1991;

### **Parks and Greenspace**

~~310-312.~~\_\_\_\_\_approving in accordance with conditions considered appropriate to individual applications, and in accordance with Council Policy, all requests from organisations to make use of parks and recreational areas, subject to consultation with:

Appendix 6 – Delegation to the Director of Services for Communities

- (a) the Convener or vice-Convener of the Transport and Environment Committee;
- (b) the Festival and Events Champion;
- (c) local ward Councillors;
- (d) as appropriate, other Council service areas; and/or
- (e) as appropriate, Lothian and Borders Police (or its successor) and other emergency services;

~~311-313.~~ issuing felling orders for trees affected by Dutch Elm Disease (sections 3(1) (2) and (4) and 5(1) of the Plant Health Act 1967 and section 20 of the Agricultural (Miscellaneous Provisions) Act 1972 (B) and Dutch Elm Disease (Amendment) (Local Authorities) Order 1975);

~~312-314.~~ creating, maintaining, enhancing and removing physical and natural assets within the Council's parks and greenspaces;

~~313-315.~~ creating, maintaining, enhancing and removing trees and other landscape features managed by the Council;

~~314-316.~~ implementing the provisions of the Council's Park Management Rules;

~~315-317.~~ implementing the provisions of the Allotments (Scotland) Acts and administering the Council's allotment regulations;

~~316-318.~~ implementing the provisions of wildlife, nature, access and parks legislation, including:

- (a) Countryside (Scotland) Act 1967;
- (b) Wildlife and Countryside (Scotland) Act 1981;
- (c) National Parks and Access to the Countryside Act 1949;
- (d) Nature Conservation (Scotland) Act 2004;
- (e) Wildlife and Natural Environment (Scotland) Act 2011; and
- (f) Land Reform (Scotland) Act 2003;

317-319. \_\_\_\_\_ drafting, managing and implementing Council approved policy and strategy that relates to parks and greenspace responsibilities;

318-320. \_\_\_\_\_ managing the Council's Green Flag Award and other quality management programmes;

319-321. \_\_\_\_\_ managing events and activities taking place within parks and greenspaces;

### **Waste Services**

320-322. \_\_\_\_\_ preparing specifications and award contracts for repairing and maintaining the Council's vehicles and plant fleet, and for buying replacements, all in accordance with the Contracts Standing Orders as amended from time to time;

321-323. \_\_\_\_\_ discharging duties relating to the conduct of the Council's significant trading operations in accordance with section 10 of the Local Government in Scotland Act 2003;

322-324. \_\_\_\_\_ specifying the level of services and other relevant details for providing waste management, street cleansing and refuse collection services;

323-325. \_\_\_\_\_ negotiating variation orders for changes in the level of waste management, street cleansing and refuse collection services with approved contractors, within the contract prices approved by the Council;

324-326. \_\_\_\_\_ setting the prices of trade waste services provided by the Council;

325-327. \_\_\_\_\_ exercising statutory duties, functions and enforcement under the legislation listed in Part B of Appendix 10 that relate to waste management;

326-328. \_\_\_\_\_ carrying out the Council's waste management functions in accordance with its approved integrated waste management plan, and providing the Scottish Ministers upon request with a statement setting out whether the Council is carrying out such functions (section 44Z of the Environmental Protection Act 1990);

~~327-329.~~ collecting household, commercial or industrial waste, (including, where applicable, issuing reasonable charges for doing so), and exercising the Council's other ancillary powers all in accordance with section 45 of the Environmental Protection Act 1990;

~~328-330.~~ arranging for the provision of receptacles to enable separate collection of dry recyclable waste and food waste in accordance with section 45C of the Environmental Protection Act 1990;

~~329-331.~~ serving notice on occupiers regarding the placing of waste for collection in receptacles in accordance with section 46 of the Environmental Protection Act 1990;

~~330-332.~~ supplying receptacles for commercial or industrial waste, and making reasonable charges for doing so, in accordance with section 47 of the Environmental Protection Act 1990;

~~331-333.~~ arranging for the disposal of waste collected, providing places at which to deposit waste before the Council transfers it, providing places at which to dispose of or recycle waste and permitting another person to use the facilities provided by the Council, all in accordance with section 53 of the Environmental Protection Act 1990;

~~332-334.~~ ensuring that land occupied by the Council and used as a site in or on which to deposit, treat, keep or dispose of controlled waste is used and operated in accordance with certain conditions, in accordance with section 54 of the Environmental Protection Act 1990;

~~333-335.~~ enabling waste to be recycled, used for the purpose of producing heat or electricity, buying or acquiring waste to be recycled and using, selling or disposing of waste belonging to the authority in accordance with section 56 of the Environmental Protection Act 1990;

~~334-336.~~ carrying out the Council's duties in response to directions issued by the Scottish Ministers, in accordance with sections 57 and 58 of the Environmental Protection Act 1990;



~~335-337.~~ \_\_\_\_\_ consenting to people sorting or disturbing anything deposited at a place for the deposit of waste or anything deposited in a receptacle for waste, in accordance with section 60 of the Environmental Protection Act 1990;

~~336-338.~~ \_\_\_\_\_ carrying out the Council's duties in response to regulations issued by the Scottish Ministers, in accordance with section 62 of the Environmental Protection Act 1990;

~~337-339.~~ \_\_\_\_\_ minimising the quantities of controlled waste in the Council's area and contributing towards the expenses of doing so, in accordance with section 63A of the Environmental Protection Act 1990;

~~338-340.~~ \_\_\_\_\_ exercising the power to require any person to furnish information in accordance with section 71 of the Environmental Protection Act 1990;

~~339-341.~~ \_\_\_\_\_ participating in legal proceedings in accordance with section 73 of the Environmental Protection Act 1990;

~~340-342.~~ \_\_\_\_\_ carrying out the Council's duties in relation to keeping roads clear of litter and refuse in accordance with section 89 of the Environmental Protection Act 1990;

~~341-343.~~ \_\_\_\_\_ participating in legal proceedings arising from a person complaining that he is aggrieved by the defacement, by litter or refuse, of road or land in accordance with section 91 of the Environmental Protection Act 1990;

~~342-344.~~ \_\_\_\_\_ giving notice under section 99 of the Environmental Protection Act 1990 that the Council has resolved to use the powers to seize and remove shopping trolleys, and exercising such powers under Schedule 4 of that act;

~~343-345.~~ \_\_\_\_\_ approving applications for waste action grants where the grant does not exceed £2,500;

### **Building Standards**

~~344-346.~~ submitting comments on relaxation applications determined by the Scottish Ministers;

~~345-347.~~ signing certificates of evidence in relation to Sheriff Court procedures involving offences in terms of sections 8(2) and 21(5) of the Building (Scotland) Act 2003;

~~346-348.~~ undertaking building standards assessments under section 6 of the Building (Scotland) Act 2003;

~~347-349.~~ deciding on completion certificate submissions under section 18 of the Building (Scotland) Act 2003;

~~348-350.~~ deciding on application under section 21(3) of the Building (Scotland) Act 2003 for a building to be temporarily occupied or used before a completion certificate under section 18 has been accepted;

~~349-351.~~ deciding on the imposition of a continuing requirement in terms of section 22 of the Building (Scotland) Act 2003;

~~350-352.~~ deciding on the discharge or variation of a continuing requirement in terms of section 23 of the Building (Scotland) Act 2003;

~~351-353.~~ maintaining and administering a building standards register in terms of section 24 of the Building (Scotland) Act 2003;

~~352-354.~~ serving enforcement notices in terms of sections 25, 26, 27, 28, 29, 30 and 42 of the Building (Scotland) Act 2003 and carrying out all consequential enforcement procedures;

~~353-355.~~ signing certificates which certify the reason why occupants need to remove from a property as required by a notice under section 42 of the Building (Scotland) Act 2003;

~~354-356.~~ processing section 50 certificates in relation to Building Standards in terms of the Licensing (Scotland) Act 2005;

~~355-357.~~ granting or refusing applications for building warrants, amendments to warrants and extensions to the periods of validity of building warrants;

### Floods, Reservoirs and Coasts

~~356-358.~~ \_\_\_\_\_ preparing, reviewing, updating and making available for inspection maps of relevant bodies of water and sustainable urban drainage systems (section 17 of the Flood Risk Management (Scotland) Act 2009);

~~357-359.~~ \_\_\_\_\_ assessing relevant bodies of water (other than canals) for the purpose of ascertaining whether the condition of any such body of water gives rise to a risk of flooding of land prepare schedules of inspection, clearance and repair works (section 18 of the Flood Risk Management (Scotland) Act 2009);

~~358-360.~~ \_\_\_\_\_ preparing maps and responding to the Scottish Environmental Protection Agency (“SEPA”) in accordance with section 19 of the Flood Risk Management (Scotland) Act 2009;

~~359-361.~~ \_\_\_\_\_ responding to consultations with SEPA in accordance with section 29 of the Flood Risk Management (Scotland) Act 2009 on the setting objectives and identification of measures under sections 27 and 29 of the Flood Risk Management (Scotland) Act 2009;

~~360-362.~~ \_\_\_\_\_ responding to consultations by SEPA in accordance with section 30(4)(c) of the Flood Risk Management (Scotland) Act 2009;

~~361-363.~~ \_\_\_\_\_ preparing local flood risk management plans to supplement the relevant flood risk management plan in accordance with section 34 of the Flood Risk Management (Scotland) Act 2009;

~~362-364.~~ \_\_\_\_\_ publishing a “draft supplementary part” of the local flood risk management plan as lead local authority in accordance with section 35 of the Flood Risk Management (Scotland) Act 2009 subject to the draft supplementary part being approved by Council or Committee;

~~363-365.~~ \_\_\_\_\_ responding to consultation by a lead local authority on the “draft supplementary part” of the local flood risk management plan in accordance with section 35 of the Flood Risk Management (Scotland) Act 2009;

~~364-366.~~ \_\_\_\_\_ publishing the local flood risk management plan as lead local authority in accordance with section 36(5) of the Flood Risk

Management (Scotland) Act 2009 subject to the local flood risk management plan being approved by Council or Committee;

~~365-367.~~ \_\_\_\_\_ responding to consultation by a lead local authority on the finalising, publishing and reviewing of the local flood risk management plan in accordance with section 36 of the Flood Risk Management (Scotland) Act 2009;

~~366-368.~~ \_\_\_\_\_ reviewing the local flood risk management plan and, subject to Council or Committee approval, publish a report on the conclusions of the review in accordance with section 37 of the Flood Risk Management (Scotland) Act 2009;

~~367-369.~~ \_\_\_\_\_ publishing final reports in relation to the local flood risk management plan in accordance with section 38 of the Flood Risk Management (Scotland) Act 2009 subject to Council or Committee approval;

~~368-370.~~ \_\_\_\_\_ taking steps to co-operate with other local authorities where a local plan district covers more than one local authority's area with a view to assisting the preparation and review of the local flood risk management plan and the preparation of relevant reports in accordance with section 39 of the Flood Risk Management (Scotland) Act 2009;

~~369-371.~~ \_\_\_\_\_ taking steps to ensure the Council has regard to flood risk management plans in accordance with section 41 of the Flood Risk Management (Scotland) Act 2009;

~~370-372.~~ \_\_\_\_\_ providing SEPA and lead authorities with information and assistance in accordance with sections 43, 44, 45 and 46 of the Flood Risk Management (Scotland) Act 2009;

~~371-373.~~ \_\_\_\_\_ taking steps to secure appropriate consistence in the information contained in the plan with information contained in characterisations of river basin districts and river basin management plans in accordance with section 48(3) of the Flood Risk Management (Scotland) Act 2009;

~~372-374.~~ \_\_\_\_\_ sitting on the flood risk advisory group (section 49) and sub-district flood risk advisory group (section 50) on behalf of the

Council in accordance with the Flood Risk Management (Scotland) Act 2009;

~~373-375.~~ taking steps to do anything which (a) will contribute to the implementation of current measures described in any relevant local flood risk management plan, (b) is necessary to reduce the risk of a flood in the Council's area which is likely to occur imminently and have serious consequences for human health, the environment, cultural heritage or economic activity, or (c) will otherwise manage flood risk in the Council's area without affecting the implementation of the measures described in any relevant local flood risk management plan, all in accordance with sections 56, 57 and 58 of the Flood Risk Management (Scotland) Act 2009;

~~374-376.~~ carrying out works which the Council has a duty to carry out under section 59 of the Flood Risk Management (Scotland) Act 2009;

~~375-377.~~ responding to consultation by the Scottish Ministers on flood protection schemes (section 60(5) of the Flood Risk Management (Scotland) Act 2009;

~~376-378.~~ giving notice of proposed flood protection schemes, and making copies of proposed flood protections schemes available for public inspection, in accordance with Schedule 2, Paragraphs 1 and 2 of the Flood Risk Management (Scotland) Act 2009;

~~377-379.~~ confirming or rejecting proposed flood protections schemes (where there have been no objections received following notice to the public) in accordance with Schedule 2, Paragraph 4 of the Flood Risk Management (Scotland) Act 2009;

~~378-380.~~ keeping registers of flood protections schemes in accordance with sections 62 and 63 of the Flood Risk Management (Scotland) Act 2009;

~~379-381.~~ recovering expenses incurred from owners and occupiers of land if such expense is as a result of the actions of such owner or occupier in accordance with section 67 of the Flood Risk Management (Scotland) Act 2009;

~~380-382.~~ \_\_\_\_\_ responding to consultations on flood warnings in accordance with section 77 of the Flood Risk Management (Scotland) Act 2009;

~~381-383.~~ \_\_\_\_\_ entering into land for the purposes of section 79(2)(a) to (i) of the Flood Risk Management (Scotland) Act 2009;

~~382-384.~~ \_\_\_\_\_ serving notice of right of entry in accordance with section 81 of the Flood Risk Management (Scotland) Act 2009;

~~383-385.~~ \_\_\_\_\_ paying compensation to persons who have sustained damage in accordance with sections 82 and 83 of the Flood Risk Management (Scotland) Act 2009;

~~384-386.~~ \_\_\_\_\_ assisting SEPA with transitional arrangements in accordance with section 85 of the Flood Risk Management (Scotland) Act 2009;

~~385-387.~~ \_\_\_\_\_ reporting incidents occurring at reservoirs in accordance with section 88 of the Flood Risk Management (Scotland) Act 2009;

~~386-388.~~ \_\_\_\_\_ discharging the duty to consider the environmental impact of a proposed flood protections scheme in accordance with Part II of the Flood Risk Management (Flood Protection Scheme, Potentially Vulnerable Areas and Local Plan Districts) (Scotland) Regulations 2010;

~~387-389.~~ \_\_\_\_\_ offering relevant objectors (within the meaning of Paragraph 5(4) of Schedule 2 of the Flood Risk Management (Scotland) Act 2009) the opportunity to withdraw the objection in accordance with section 13 of the Flood Risk Management (Flood Protection Scheme, Potentially Vulnerable Areas and Local Plan Districts) (Scotland) Regulations 2010;

~~388-390.~~ \_\_\_\_\_ requesting the Scottish Ministers to direct planning permission for any development described in a flood protection scheme in accordance with section 14 of the Flood Risk Management (Flood Protection Scheme, Potentially Vulnerable Areas and Local Plan Districts) (Scotland) Regulations 2010;

~~389-391.~~ \_\_\_\_\_ serving notices or other documents to be sent, served or given under the Flood Risk Management (Flood Protection Scheme, Potentially Vulnerable Areas and Local Plan Districts) (Scotland) Regulations 2010 or the Flood Risk Management (Scotland) Act 2009

in accordance with section 15 of the Flood Risk Management (Scotland) Act 2009;

~~390-392.~~\_\_\_\_\_in relation to the Braid Burn flood prevention scheme and the Water of Leith prevention scheme (which were confirmed under the Flood Prevention (Scotland) Act 1961) carrying out the powers and duties of the Council, including paying compensation under section 11 of the Flood Prevention (Scotland) Act 1961;

~~391-393.~~\_\_\_\_\_exercising the duties and powers of the enforcement authority and all duties of the reservoir undertaker (with respect to all reservoirs owned by the Council) under the Reservoirs Act 1975;

~~392-394.~~\_\_\_\_\_exercising the duties and powers of the Council in accordance with the Reservoirs (Scotland) Act 2011; and

~~393-395.~~\_\_\_\_\_carrying out the duties and powers of the coast protection authority in accordance with the Coast Protection Act 1949.

**APPENDIX 7**  
**HEAD OF PLANNING**

These are the functions referred to in paragraph 10 of the Scheme:

**Planning policy**

1. responding directly to consultations on development plans, planning applications, environmental assessments and planning guidance from neighbouring authorities at any stage in the process unless the Head of Planning considers that:
  - (a) the consultation raises a significant planning issue (which may include transport and other infrastructure matters) for the Council which should be draw to the attention of the consulting authority;
  - (b) the consultation raises a matter which is potentially controversial or likely to be of significant public interest; or
  - (c) the Council should formally object to a proposed development plan;
2. responding directly to planning related consultations from the Scottish Government and Government Agencies unless the Head of Planning considers that:
  - (a) the consultation raises a significant planning issue for the Council which should be drawn to the attention of the Scottish Government/Government Agency; or
  - (b) the consultation raises a matter which is potentially controversial or likely to be of significant public interest;
3. determining whether a qualifying plan, programme or strategy, which is being prepared or modified, requires environmental assessment in accordance with the Environmental Assessment (Scotland) Act 2005 and to undertake environmental assessment where necessary, including preparing an environmental report and carrying out consultations;



**Planning applications etc.**

4. determining applications (including retrospective applications) for planning permission, listed building consent, conservation area consent, non-material variations and consent to display an advertisement, provided that:
  - (a) the decision is in accordance with the statutory development plan (Structure Plan and Local Plan);
  - (b) the decision is in accordance with non-statutory Council adopted policy, or infringements of policy are so minor that refusal or amendment would be unjustified;
  - (c) conditions added by the relevant Committee are not removed or amended;
  - (d) where approval is recommended, not more than six material objections have been received from third parties;
  - (e) where refusal is recommended, not more than six material representations in support of the proposals have been received from third parties;
  - (f) the application does not fall within the definition of national developments as set out in the Town and Country Planning (Hierarchy of Developments) (Scotland) Regulations 2009;
  - (g) where the application falls within the definition of local development as set out in the Town and Country Planning (Hierarchy of Developments) (Scotland) Regulations 2009 but is not subject to the terms of the Council's statutory scheme of delegation for local developments;
  - (h) there is no legal agreement required in connection with the application where the financial value of the matters secured in the agreement will be in excess of, or estimated to be in excess of, £250,000, or where by virtue of any policy or non-statutory guidance on developer contributions there is a requirement to be met and, for whatever reason, that requirement is not being fully met;

- (i) no elected member has requested referral of the application to the Development Management Sub-Committee for material planning reasons, within 21 days, as set out in the relevant guidance note for elected members;
  - (j) the application is not submitted by, or on behalf of, the Council (except for the approval of routine minor developments);
  - (k) the application is not submitted by, or on behalf of, an elected member of the Council or by his/her partner, close friend or relative;
  - (l) the application is not submitted by, or on behalf of, an officer involved in the statutory planning process, or by their partner, close friend or relative;
  - (m) the application is not for Hazardous Substance Consent;
  - (n) the Head of Planning does not consider the application to be controversial or of significant public interest, or as having a significant impact on the environment; and
  - (o) the application does not meet the criteria approved by the Planning Committee for a hearing by the Development Management Sub-Committee;
5. determining applications for certificates of lawful use or lawful development under sections 150 and 151 of the Town and Country Planning (Scotland) Act 1997 and applications for certificates of appropriate alternative development, provided that:
- (a) the applications does not raise a significant planning matter, leading to advice to refuse or to object;
  - (b) the Head of Planning does not consider the application to be potentially controversial, or likely to be of significant public interest, or as having a significant impact on the environment;

- (c) the application does not fall within the definition of national developments as set out in the Town and Country Planning (Hierarchy of Developments) (Scotland) Regulations 2009;
  - (d) no elected member has requested referral of the application to the Development Management Sub-Committee for material planning reasons, within 21 days, as set out in the relevant guidance note for elected members;
  - (e) the application is not submitted by, or on behalf of, the Council (except for the approval of routine minor developments);
  - (f) the application is not submitted by, or on behalf of, an elected member of the Council or by his/her partner, close friend or relative;
  - (g) the application is not submitted by, or on behalf of, an officer involved in the statutory planning process, or by their partner, close friend or relative; and
  - (h) the application does not meet the criteria approved by the Planning Committee for a hearing by the Development Management Sub-Committee;
6. determining whether or not an application for planning permission will need to be accompanied by an Environmental Statement;
  7. issuing an opinion in respect of a Pre-Application Screening request;
  8. deciding whether the method of consultation is acceptable or more is needed in respect of a Proposal of Application Notice;
  9. deciding whether or not to decline to determine a repeat application for planning permission in any of the circumstances set out in Section 39 of the Town and Country Planning (Scotland) Act 1997;
  10. signing a processing agreement in respect of a major application as defined in the hierarchy of development;
  11. promoting a direction altering the duration of a planning consent;

12. deciding whether or not full details of a proposed agricultural building require to be submitted;
13. deciding whether or not full details of a proposed forestry building require to be submitted;
14. deciding whether or not full details of proposed buildings by gas and electricity undertakings, solely for the protection of plant and machinery, are required;
15. deciding whether or not, in the case of proposed demolition of residential property, to require a formal submission;
16. deciding whether or not, in the case of proposed toll facilities on toll roads, to require a detailed submission;
17. determining painting and sundry minor works requiring permission by reason of an Article 4 Direction;
18. determining that alterations to a listed building do not require Listed Building Consent
19. determining whether works or a change of use constitute permitted development;
20. determining the display of advertisements;

**Enforcement action**

21. acting as proper officer in terms of the signing and service of decision notices, enforcement notices and related notices under section 193 of the Local Government (Scotland) Act 1973 and appointing appropriate officers to prepare, sign and serve such notices on his behalf;
22. initiating, progressing and concluding enforcement action, interdict action or direct action in connection with the following, provided that any significant case, or cases where it is in the public interest to do so, shall be reported to the Development Management Sub-Committee for consideration:
  - (a) Planning Contravention Notices;

- (b) Enforcement Notices, including those relating to listed building and advertisements;
  - (c) advertisement discontinuation procedures;
  - (d) reporting to the procurator fiscal;
  - (e) Breach of Condition Notices;
  - (f) Amenity Notices;
  - (g) Stop Notices;
  - (h) Temporary Stop Notices;
  - (i) Fixed Penalty Notices;
  - (j) Hazardous Substances Contravention Notices;
  - (k) Tree Replacement Notices;
  - (l) prosecution in respect of the above as necessary and the giving of evidence in court; and
  - (m) powers of entry;
23. carrying out the following functions provided that any significant cases, or cases where it is in the public interest to do so, are reported to the Development Management Sub-Committee for consideration:
- (a) withdrawing, relaxing, or varying an enforcement notice (section 129 of the Town and Country Planning (Scotland) Act 1997);
  - (b) undertaking work required by an enforcement notice and recovering the costs (section 135 of the Town and Country Planning (Scotland) Act 1997);
  - (c) serving notices in case of compliance or non-compliance with planning consent (section 145 of the Town and Country Planning (Scotland) Act 1997);

- (d) lodging an interdict restraining a breach of planning control to the Court of Session/Sheriff Court (section 146 of the Town and Country Planning (Scotland) Act 1997);
- (e) undertaking work required by non-compliance with a listed building enforcement notice (Town and Country Planning (Scotland) Act 1997 and section 38 of the Town and Country Planning (Listed Buildings and Conservation Areas) (Scotland) Act 1997);
- (f) serving section 270 Notices and Planning Contravention Notices;
- (g) determining whether or not it is expedient to take no further action in respect of a breach of control, having regard to the provisions of the development plan and other material planning considerations;
- (h) after the service of a notice, taking all necessary subsequent steps to bring the matter to an acceptable conclusion;
- (i) instituting any necessary action to remove or obliterate placards or posters which are displayed in contravention of the Town and Country Planning (Control of Advertisements) (Scotland) Regulations 1984 and the Town and Country Planning (Scotland) Act 1997;
- (j) undertaking and enforcing the procedures requiring developers to inform the Council of the initiation and completion of developments and in relation to the display of notices indicating the development being carried out; and
- (k) issuing and enforcing notices requiring the owner of land, where planning permission has not been granted but development has been carried out, to make an application for planning permission;

### **Landscape**

- 24. making provisional Tree Preservation Orders (with the Planning Committee approving the final order taking into account objections or representations received);

25. authorising the felling, pruning, topping, lopping of trees or the carrying out of other prohibited works to trees protected by Tree Preservation Orders (including the imposition of replanting conditions as appropriate);
26. authorising the felling, pruning, topping, lopping of trees or the carrying out of other prohibited works to trees in conservation areas;
27. serving, progressing, and concluding actions in respect of tree replacement notices, including any necessary follow up direct action;
28. investigating unauthorised works to protected trees and reporting offences to the Procurator Fiscal where considered appropriate;
29. considering and determining all applications in respect of high hedge notices, taking any subsequent enforcement or other action and exercising powers of entry and other supplementary powers in accordance with the High Hedges (Scotland) Act 2013 provided that any significant cases, or cases where it is in the public interest to do so, are reported to the Development Management Sub-Committee for consideration;

#### **Appeals**

30. determining what response should be made to the Directorate of Planning and Environmental Appeals in the case of appeals submitted in respect of the non-determination of an application and where the application could otherwise have been dealt with under delegated powers;

#### **Legal Agreements**

31. entering into a legal agreement with a developer, provided that:
  - (a) the agreement complies with the terms of government guidance, relevant development plan policies and supplementary guidance on developer contributions; and
  - (b) does not involve a financial sum or other contributions of a value exceeding £250,000;

32. entering into a discharge of a legal agreement granting partial or full discharge of the relevant party's obligations on the due performance by that party of such obligations;
33. modifying a legal agreement with the relevant party provided that:
  - (a) the terms of the modifications comply with the terms of government guidance, relevant development plan policies and supplemental guidance on developer contributions; and
  - (b) it does not involve reducing the financial sum or other contributions in the legal agreement;

#### **Miscellaneous**

34. authorising Powers of Entry to land for any purpose (especially surveying) relating to the preparation of a development plan and general planning controls (sections 269 & 270 of the Town and Country Planning (Scotland) Act 1997);
35. allocating new street numbers and, in consultation with the appropriate local ward councillors, changing street numbers and naming new streets;
36. requiring proper maintenance of land affecting listed buildings or conservation areas and to undertake necessary work and recover costs in cases of non-compliance (sections 135 and 179 of the Town and Country Planning (Scotland) Act 1997 and the Town and Country Planning (Listed Buildings and Conservation Areas) (Scotland) Act 1997); and

#### **Flooding**

37. requesting advice from SEPA as to flood risk under section 72 of the Flood Risk Management (Scotland) Act 2009.



**APPENDIX 8**

**STATUTORY FUNCTIONS AND STATUTORY OFFICERS**

<u>Statutory Function</u>	<u>Legislation</u>	<u>Officer</u>
Agricultural Analyst/Depute Agricultural Analyst	section 67(3) of the Agriculture Act 1970	Environmental Health and Scientific Services Manager/ Scientific and Environmental Service Manager
Assessor	section 27 of the Local Government etc. (Scotland) Act 1994	Assessor of the Lothian Valuation Joint Board
Chief Inspector of Weights and Measures	section 72 of the Weights and Measures Act 1985	Licensing and Trading Standards Service Manager
Inspector of Weights and Measures	Section 72 of the Weights and Measures Act 1985	Certain officers appointed by the Chief Inspector of Weights and Measures from time to time.
Chief Social Work Officer	Social Work (Scotland) Act 1968	Chief Social Work Officer
Counting Officer	Parties, Elections and Referendums Act 2000	Chief Executive
Dog Catcher	section 149 of the Environmental Protection Act 1990	Dog Warden
Food Examiner	Section 30 of the Food Safety Act 1990	Environmental Health and Scientific Services Manager/ Scientific and Environmental Service Manager

Appendix 8 – Statutory Functions and Statutory Officers

Head of Paid Service	section 4(1) of the Local Government and Housing Act 1989	Chief Executive
Mental Health Officers	section 32 of the Mental Health (Care and Treatment)(Scotland) act 2003	Certain social workers as appointed by the Chief Social Work Officer from time to time.
Monitoring Officer	section 5(1) of the Local Government and Housing Act 1989	Director of Corporate Governance
Public Analyst	sections 27 and 30 of the Food Safety Act 1990	Environmental Health and Scientific Services Manager/ Scientific and Environmental Service Manager
Registrar of Births, Deaths and Marriages	section 7 of the Registration of Births, Deaths and Marriages (Scotland) Act 1965	Chief Registrar
Returning Officer	Sections 25 and 41 of the Representation of the People Act 1983	Chief Executive

**APPENDIX 9**  
**PROPER OFFICER FUNCTIONS**

<u>Proper Officer Function</u>	<u>Legislation</u>	<u>Officer</u>
Declaration of acceptance of office	section 33A of the Local Government (Scotland) Act 1973	Head of Legal, Risk and Compliance
Resignation of office by a member	section 34 of the Local Government (Scotland) Act 1973	Head of Legal, Risk and Compliance
Circulating reports and agendas, supplying papers to the press and, where necessary, providing summaries of minutes	sections 50B(2), 50B(7) and 50C(2) of the Local Government (Scotland) Act 1973	Head of Legal, Risk and Compliance
Compilation of background papers for inspection	section 50D of the Local Government (Scotland) Act 1973	All Directors
Members' rights of access to documents which enclose "exempt information"	section 50F(2) of the Local Government (Scotland) Act 1973	Chief Executive
Transfer of securities on alteration of area etc.	section 92 of the Local Government (Scotland) Act 1973	Director of Corporate Governance
Financial Administration	section 95 of the Local Government (Scotland) Act 1973	Head of Finance
Education endowments	section 128 of the Local Government (Scotland) Act 1973	Head of Legal, Risk and Compliance
Ordnance Survey	section 145 of the Local Government (Scotland) Act 1973	Director of Services for Communities

Appendix 9 – Proper Officer Functions

Service of legal proceedings etc.	section 190 of the Local Government (Scotland) Act 1973	Head of Legal, Risk and Compliance
Claims in sequestrations and liquidations	section 191 of the Local Government (Scotland) Act 1973	Director of Corporate Governance
Authentication of documents and execution of deeds	sections 193 and 194 of the Local Government (Scotland) Act 1973 and the Requirements of Writing (Scotland) Act 2005	Director of Corporate Governance and Head of Legal, Risk and Compliance
Inspection and deposit of documents	section 197 of the Local Government (Scotland) Act 1973	Director of Corporate Governance and Head of Legal, Risk and Compliance
Procedure for byelaws	sections 202 and 204 of the Local Government (Scotland) Act 1973	Director of Corporate Governance and Head of Legal, Risk and Compliance
Roll of honorary freemen	section 206 of the Local Government (Scotland) Act 1973	Head of Legal, Risk and Compliance
Notice of Meeting	Schedule 7 of the Local Government (Scotland) Act 1973	Head of Legal, Risk and Compliance
Politically restricted posts	section 2 of the Local Government and Housing Act 1989	Director of Corporate Governance
Maintaining the register of members' interests	Regulation 6 of the Ethical Standards in Public Life etc. (Scotland) Act 2000 (Register of Interests) Regulations 2003	Head of Legal, Risk and Compliance

**APPENDIX 10**  
**LIST OF LEGISLATION**

**Part A**

1. Animal Boarding Establishments Act 1963;
2. Animal Health and Welfare (Scotland) Act 2006;
3. Breeding of Dogs Act 1973;
4. Cinemas Act 1985;
5. City of Edinburgh District Council Order Confirmation Act 1991;
6. Civic Government (Scotland) Act 1982;
- ~~7.~~ Dangerous Wild Animals Act 1976;
- ~~7-8.~~ Deer (Scotland) Act 1996;
- ~~9.~~ Housing (Scotland) Act 2006;
- ~~8-10.~~ Hypnotism Act 1952;
- ~~9-11.~~ Performing Animals (Regulation) Act 1925;
- ~~10-12.~~ Pet Animals Act 1951;
- ~~11-13.~~ Petroleum (Transfer of Licences) Act 1936;
- ~~12-14.~~ Riding Establishments Acts 1964 and 1970;
- ~~13-15.~~ Theatres Act 1968; and
- ~~14-16.~~ Zoo Licensing Act 1981.

**Part B**

1. Accommodation Agencies Act 1953;
2. Agriculture Produce (Grading and Marking) Acts 1928 and 1931;
3. Agriculture Act 1970;
4. Agriculture (Miscellaneous Provisions) Act 1968;

Appendix 10 – List of Legislation

5. Animal Boarding Establishments Act 1963;
6. Animal Health Act 1981;
7. Animal Health and Welfare (Scotland) Act 2006;
8. Breeding and Sale of Dogs (Welfare) Act 1999;
9. Breeding of Dogs Act 1973 and 1991;
10. Burial Grounds (Scotland) Act 1855;
11. Children and Young Persons (Protection from Tobacco) Act 1991;
12. Church of Scotland (Property and Endowment) Act 1925;
13. Cinemas Act 1985;
14. Civic Government (Scotland) Act 1982;
15. Civil Partnership Act 2004;
16. Clean Air Act 1993;
17. Control of Dogs (Scotland) Act 2010;
18. Consumer Credit Act 1974;
19. Consumer Protection Act 1987;
20. Cremation Acts 1902 and 1952;
21. Cremation (Scotland) Amendment Regulations 2003;
22. Dangerous Wild Animals Act 1976;
23. Development of Tourism Act 1969 (sections 17 and 18);
24. Dog Fouling (Scotland) Act 2003;
25. Education Reform Act 1988 (section 215);
26. Energy Conservation Act 1981 (section 20);
27. Environment and Safety Information Act 1988;
28. Estate Agents Act 1979;

Appendix 10 – List of Legislation

29. European Communities Act 1972 (section 2(2));
30. Explosives Act 1875 (sections 74 and 78);
31. Fair Trading Act 1973;
32. Food and Environment Protection Act 1985 (sections 19(1B) and (1C));
33. Hallmarking Act 1973;
34. Housing (Scotland) Act 1987, Parts IV, V, VII and VIII
35. International Health Regulations 2005;
36. Marriage (Approval of Places) (Scotland) Regulations 2002;
37. Marriage (Scotland) Act 1977;
38. Medicines Act 1968;
39. Performing Animals (Regulation) Act 1925;
40. Pet Animals Act 1951;
41. Petroleum (Consolidation) Act 1928 (section 17);
42. Poisons Act 1972;
43. Prevention of Damage by Pests Act 1949;
44. Prices Act 1974 and 1975;
45. Private Rented Housing (Scotland) Act 2011;
46. Property Misdescriptions Act 1991;
47. Public Health (Aircraft) (Scotland) Regulations 1971;
48. Public Health (Ships) (Scotland) Regulations 1971;
49. Rent (Scotland) Act 1984;
50. Road Traffic (Vehicle Emissions) (Fixed Penalty) (Scotland) Regulations 2003);
51. Sewerage (Scotland) Act 1968;

Appendix 10 – List of Legislation

- ~~51-52.~~ [Single Use Carrier Bags Charge \(Scotland\) Regulations 2014;](#)
- ~~52-53.~~ Telecommunications Act 1984 (section 30);
- ~~53-54.~~ Theatres Act 1968;
- ~~54-55.~~ Timeshare Act 1992;
- ~~55-56.~~ Trade Descriptions Act 1968;
- ~~56-57.~~ Trade Marks Act 1994;
- ~~57-58.~~ Video Recordings Acts 1984 and 1993;
- ~~58-59.~~ Water (Scotland) Act 1980;
- ~~59-60.~~ Water Services etc. (Scotland) Act 2005;
- ~~60-61.~~ Weights and Measures Act 1985.





**1. Status and Statutory Responsibility**

- 1.1 These regulations are made under section 95 of the Local Government (Scotland) Act 1973.
- 1.2 Section 95 states that every local authority shall make arrangements for the proper administration of its financial affairs and shall secure that the proper officer of the authority (termed the Section 95 Officer) has responsibility for the administration of those affairs.
- 1.3 The Local Authority Accounts (Scotland) Regulations 1985 further specify that the system of accounting and control and the form of the accounts and supporting records are to be determined by the Section 95 Officer and that s/he is to ensure that accounting controls are observed and the accounts and supporting records are kept up to date. S/he is also responsible for publishing the Annual Accounts of the Council and for making the arrangements for the statutory audit required by s96 of the 1973 Act.
- 1.4 The City of Edinburgh Council has designated the Head of Finance as the Section 95 Officer and therefore as the officer responsible for the administration of the Council's financial affairs in terms of section 95 of the 1973 Act.
- 1.5 The Head of Finance serves as the Section 95 Officer for all of the Council's accounting arrangements, including those of the Lothian Pension Funds. For the Lothian Pension Funds, however, this Section 95 responsibility has been delegated to the Pensions and Accounting Manager in accordance with the arrangements set out in the addendum to this document.
- 1.6 A more detailed set of Finance Rules, which prescribe the procedures to be followed, has also been prepared. While these rules and other relevant procedures and policies are not contained within these financial regulations, they are issued under their authority and have the same status as if they were included in the body of these regulations.
- 1.7 The Head of Finance will establish a programme of review for all relevant documents. Directors and officers may also seek the issue, amendment, clarification or supplementing of the regulations, finance rules or associated procedures and policies for any areas of responsibility not previously addressed.
- 1.8 Any breach or non-compliance with these regulations or the associated finance rules, procedures or policies issued under their authority must be reported immediately to the Head of Finance, who may consult others as s/he sees fit to determine the proper action.

## **2. Application**

- 2.1 The City of Edinburgh Council is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards and that public money is safeguarded, properly accounted for and used economically, efficiently, effectively, equitably and ethically. The Council's activities are furthermore guided by a set of underlying principles and responsibilities fostering openness, integrity and accountability.
- 2.2 In discharging these responsibilities, elected members and senior officers are responsible for implementing effective arrangements for governing the Council's affairs and facilitating the effective exercising of its functions including arrangements for managing risk.
- 2.3 As a consequence of these responsibilities, the Council must regulate the actions taken on its behalf that carry financial implications to provide assurance of their propriety and consistency. It is furthermore a requirement of these regulations that all financial transactions are within the legal powers of the Council. These Financial Regulations thus form a key element of the maintenance of a robust, clear and accountable governance framework for the Council.

## **3. Responsibilities and Observance**

### **3.1 Chief Executive**

- 3.1.1 The Chief Executive, as head of the paid service, has authority over all officers and is authorised to discharge any function or exercise any power delegated to any officer under the Council's Scheme of Delegation. As the officer charged with overall responsibility for the corporate management and operational functions of the Council, this includes putting in place suitable arrangements to ensure an efficient use of resources.
- 3.1.2 The Council's Scheme of Delegation to Officers sets out the powers delegated to officers pursuant to the Local Government (Scotland) Act 1973. As noted in paragraph 1.4, the Head of Finance has been designated the Council's Section 95 Officer responsible for the administration of the Council's financial affairs.

### **3.2 Role of the Head of Finance**

- 3.2.1 The Head of Finance is responsible for advising the Council on all financial matters and for monitoring and reporting on its financial performance and position.

- 3.3 Directors
- 3.3.1 Directors are responsible for establishing sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness, and associated financial targets, in so doing having due regard to sustainability and equalities considerations.
- 3.3.2 Directors are fully accountable for the financial performance of their service area against the budget allocated. They may incur revenue expenditure in furtherance of agreed Council policies only to the extent that budgetary provision has been made.
- 3.3.3 As part of ensuring the overall sustainability of the Council's financial planning and management arrangements, Directors also have a responsibility to review their respective budgets on an on-going basis. This includes the active monitoring and management of service pressures, delivery of approved savings and application of approved service investment, particularly in cases where this investment is targeted towards delivery of longer-term savings. The Head of Finance may request that Directors report to Council during the year on measures being taken to ensure expenditure is contained within approved levels.
- 3.3.4 Directors are further charged with the implementation of the risk management strategy in their service areas and for ensuring its effectiveness and review.
- 3.3.5 Paragraphs 3.2 and 3.4 of the Scheme of Delegation provide that:
- (a) In the event that the Director is unavailable, his/her Deputy or the head of the relevant service will have delegated authority to take urgent decisions in the absence of the Director;
  - (b) Directors may sub-delegate their delegated powers to their Deputy(ies) or head(s) of service or such other officer(s) in their directorate as they may consider appropriate.
- 3.3.6 With the exception of urgent decisions, which must be taken in accordance with the Scheme of Delegation, authority to discharge financially-related responsibilities must be delegated formally in writing. This requirement applies to delegations of authority for financial matters by all levels of management.
- 3.3.7 Directors will formally report major financial issues to the Head of Finance and Chief Executive, who will instruct appropriate action.
- 3.4 Internal Audit and Risk Management

3.4.1 The Head of Legal, Risk and Compliance will arrange for the provision of a continuous internal audit function, overseen by a suitably-qualified and experienced individual, to review the accounting, financial and other operations of the Council. This individual (the Head of Internal Audit and Risk Management) will also oversee the development and implementation of an appropriate risk management strategy.

3.4.2 It is the Head of Internal Audit and Risk Management's responsibility to put in place appropriate arrangements to provide the Chief Executive, Head of Finance, Corporate Management Team and elected members with an annual assurance statement on compliance with Financial Regulations and the Local Code of Corporate Governance.

### 3.5 Elected Members

3.5.1 Elected members' responsibilities with regard to financial matters reflect a number of facets, including:

- (a) Setting the authority's financial strategy, including budget-setting;
- (b) Setting the authority's strategic direction and overseeing arrangements for the securing (and demonstration) of best value;
- (c) Ensuring proper control is exercised over the authority's expenditure through scrutiny of periodic financial reports comparing expenditure with the level of budgetary provision;
- (d) Holding senior officers to account with regard to discharging all relevant financial responsibilities within their control;
- (e) Encouraging the development of service targets/performance measurements of a financial/non-financial nature to monitor service achievements.

3.5.2 In this regard, the respective remits and key functions of Council, the Governance, Risk and Best Value Committee, the Finance and Resources Committee and other Executive Committees are set out in the Council's Committee Terms of Reference and Delegated Functions.

### 3.6 External Audit

3.6.1 The external audit of the Council seeks to assess the extent to which the stewardship of its financial affairs is subject to a regime of accountability where monies are properly accounted for, safeguarded and used economically, efficiently and effectively. The scope of this audit is wider than that of the private sector equivalent, encompassing coverage of the financial statements, regularity, propriety and best value, including the securing of value for money. At present, this role

is undertaken on the Accounts Commission's behalf by Audit Scotland.

## **4. Principles and Key Areas of the Control Framework**

### **4.1 Financial Management**

4.1.1 The Head of Finance will, in conjunction with the relevant Director, provide to all Executive Committees (including the Finance and Resources Committee) and the Governance, Risk and Best Value Committee regular monitoring reports, including reports on the final outturn, together with any recommendations.

### **4.2 Financial Control**

4.2.1 As noted at 1.3, The Local Authority Accounts (Scotland) Regulations 1985 require that the system of accounting and control, and the form of the accounts and supporting records, should be defined by the Head of Finance, who will ensure that the system is adhered to and that the accounts and supporting records are kept up to date.

4.2.2 The Regulations also require the Head of Finance to submit the Abstract of Accounts to the Council and the Council's external auditor by the prescribed dates. The Head of Finance is responsible for ensuring that the accounts are produced in compliance with existing legal and accounting requirements.

4.2.3 Directors are required to provide all relevant information to the Head of Finance in accordance with the instructions issued annually.

4.2.4 As the officer who is statutorily responsible for all financial matters the Head of Finance will implement procedural controls to ensure that:

(a) All expenditure is a valid charge;

(b) Income owed is collected;

(c) Assets are protected;

(d) Liabilities are accounted for;

(e) Financial reports are prepared.

### **4.3 Risk Management and Internal Control**

4.3.1 In accordance with the Head of Finance's responsibility for financial control and the Local Code of Corporate Governance's requirements for the effective management of risk, the Head of Finance has approved financial rules to address these matters.

#### 4.4 Systems and Procedures

##### 4.4.1 **Accounting Arrangements**

4.4.1.1 The following will be carried out according to procedures and instructions issued by the Head of Finance:

- (a) Preparation of the statutory Abstract of Accounts;
- (b) Production of financial information in Council strategic plans, including estimated revenue and capital expenditure.

4.4.1.2 All financial records, systems and any changes thereto are subject to the written approval of the Head of Finance following consultation with Directors.

4.4.1.3 The following principles must be observed in the allocation of accounting duties:

- (a) The duties of providing information regarding sums owed to or by the Council, and calculating, checking and recording these sums must be separated as completely as possible from the duty of collecting or disbursing them;
- (b) Officers responsible for examining and directing accounts of cash transactions cannot be engaged in any of these transactions;
- (c) All checking and authorisation undertaken by officers must be evidenced by initials or signature, whichever is appropriate;
- (d) All claims, returns or written submissions relating to grants and financial data must be submitted to the Head of Finance for approval prior to entering into any contracts under delegated authority;
- (e) Financial records, including contract documents for work done, services and supplies, may only be disposed of in accordance with arrangements approved by the Head of Finance.

##### 4.4.2 **Revenue Budgets**

4.4.2.1 Directors are required to prepare revenue estimates in accordance with guidance issued by the Head of Finance. Such estimates will be supported by equality and rights impact assessment, where relevant. The Head of Finance will assist Directors to prepare financial information for inclusion in the revenue estimates. The Council's team of equality and diversity specialists will assist, as necessary, their directors to prepare equality and rights impact assessments. Where applicable, impact assessments of budget proposals on carbon emissions should be prepared, about which the Council's Carbon,



Climate and Sustainability unit can provide additional advice. When the revenue estimates have been approved by Council, they become the “Revenue Budget”.

4.4.2.2 The Head of Finance will prepare a financial context report for the Finance and Resources Committee for the next and future years. The Finance and Resources Committee will then remit the report to Council and may make recommendations to Council on setting Council Tax and rent for Council houses for the next financial year and on indicative figures for future years.

4.4.2.3 After considering the report and any recommendations, Council shall approve the allocation of resources, authorise the spending and set the Council Tax, rent for Council houses and relevant fees and charges for the following financial year at a meeting before 11th March each year.

4.4.2.4 The Head of Finance will determine what constitutes revenue expenditure and the relevant accounts in which transactions should be recorded.

#### 4.4.3 **Capital Budgets**

4.4.3.1 Directors are required to prepare capital estimates in accordance with guidance issued by the Head of Finance. When the capital estimates have been approved by Council, they become the “Capital Investment Programme”.

4.4.3.2 The Head of Finance will determine what constitutes capital expenditure and the relevant accounts in which transactions must be recorded.

4.4.3.3 Capital estimates must be submitted for scrutiny by the Finance and Resources Committee, whose recommendations will be referred to the Council for approval.

#### 4.4.4 **Reporting Requirements**

4.4.4.1 All Council and committee reports are required to include a statement of the financial consequences of the proposals for current and future years. The range of relevant considerations will vary from report to report but [a summary of the principal areas concerned](#) was reported to the Governance, Risk and Best Value Committee in December 2012. Guidance on completion of the financial implications section of Committee reports is also provided within Section 7 of [the Council's report writing and committee template information pack](#).

4.4.4.2 Where applicable, following approval at the Finance and Resources Committee in January 2014, commentary should also now be included to cover (i) the associated revenue budget (i.e. loans charge) impact

of capital expenditure proposals and/or changes and (ii) a summary of costs incurred by the Council in the procurement of the goods and/or services forming the subject of that report. Further advice on requirements in each of these areas is available from the Corporate Finance Manager.

- 4.4.4.3 In the event that reports do not meet the above requirement, or insufficient time is allowed for them to be properly considered, the Head of Finance may request that the Director or other officer submitting the report withdraws it from the Council or committee agenda.

- 4.4.4.4 The Head of Finance, in conjunction with Directors, is required to submit detailed quarterly monitoring reports to the Finance and Resources Committee, other relevant executive committee(s) and the Governance, Risk and Best Value Committee. These reports will compare actual expenditure to date with the budget position, project the expenditure outturn for revenue and capital expenditure, provide an overview of progress in delivering approved savings and managing service pressures and report key service issues including – where relevant – the equality and rights impact of any changes. The Head of Finance will specify the format of such monitoring reports.
- 4.4.4.5 The Head of Finance may give such direction to Directors as to measures to be taken in relation to the revenue budget or the capital investment programme during the remainder of the financial year as may be necessary or advisable in the circumstances prevailing.
- 4.4.4.6 The Head of Finance may make recommendations to Council as may be necessary or advisable in the circumstances prevailing.

4.4.5 **Spending, Supplementary Estimates and Transferring Funds**

- 4.4.5.1 No Director may allow spending, whether revenue or capital, to exceed budget.
- 4.4.5.2 No Director or official may incur any expenditure unless:
- (a) It is a revenue expense which has been approved as part of the revenue budget under 4.4.2 of these Financial Regulations; or
  - (b) It is a capital expense which has been approved as part of the Capital Investment Programme under 4.4.3 of these Financial Regulations, or any separate Act of Council and, where necessary, a tender or quotation has been received under Contracts Standing Orders; or
  - (c) The expense has been authorised under the remaining subparagraphs of paragraph 4.4.5 of the Financial Regulations.
- 4.4.5.3 The Finance and Resources Committee may transfer money within the revenue budget to either existing or new projects, but:
- (a) If this will change approved Council policy, a report must be submitted to Council for approval before the transfer can be actioned;
  - (b) If the transfer will affect future years' revenue budgets, a report detailing the effect on future budgets must be submitted to Council for approval before the transfer can be actioned.

- 4.4.5.4 The Finance and Resources Committee may transfer money within the Capital Investment Programme to either new or existing projects as may be necessary or advisable in the circumstances prevailing, but:
- (a) If this will change approved Council policy, a report must be submitted to Council for approval before the transfer can be actioned;
  - (b) If the transfer will affect future years' capital or revenue budgets, a report detailing the effect on future budgets must be submitted to Council for approval before the transfer can be actioned;
  - (c) Where capital grant is provided for a specific project, no transfer to alternative projects is permitted without the consent of the Scottish Government or other external grant provider.

In the case of both revenue and capital transfers, any equality and rights impacts of the proposed changes must also be considered.

- 4.4.5.5 The Head of Finance may, from time to time, issue detailed instructions on the transfer of monies within and / or between service area revenue budgets.

- 4.4.5.6 If a Director:

- (a) Proposes to incur revenue or capital spending that is not included in the revenue budget or capital investment programme approved by Council or to reduce income provided in that way; and
- (b) Does not propose to pay for the spending by reallocating existing funding,

the Director must seek a supplementary estimate.

- 4.4.5.7 S/he must report to the Finance and Resources Committee with an assessment of the financial spending consequences for the current and future years and, where relevant, the equality and rights impact of the changes. In the case of revenue expenditure, this appraisal should include identification of the budget head(s) to be reduced in future years. If the Finance and Resources Committee agrees, it will submit a recommendation to Council.

- 4.4.5.8 The Head of Finance must agree before a proposal for transfer or supplementary estimate is reported to the Finance and Budget Committee.

- 4.4.5.9 Directors, in consultation with the Convener of the appropriate executive committee for the service, may submit a request for expenditure of an emergency nature. In such circumstances, the

expenditure concerned may be incurred on the authorisation of the Head of Finance, in consultation with the Convener of the Finance and Resources Committee. The Director requesting the expenditure shall arrange for the matter to be reported to the Finance and Resources Committee.

4.4.5.10 Other than contractual liabilities, service directors are not permitted to incur revenue expenditure until the relevant financial year has commenced.

#### 4.4.6 **Final Accounts**

4.4.6.1 Directors are required to provide all relevant information to the Head of Finance in accordance with the instructions issued annually by him/her.

4.4.6.2 The Head of Finance will report the Council's final expenditure outturn with recommendations for appropriations to the Governance, Risk and Best Value Committee and the Council.

#### 4.4.7 **Internal Audit**

4.4.7.1 The Head of Internal Audit and Risk Management will make appropriate arrangements to review, appraise and report on:

- (a) The adequacy of internal control as an indication of probity and contribution to the economic, efficient and effective use of resources;
- (b) Compliance with approved policies, plans and procedures, including those with a significant impact on or strong relevance to equality and rights;
- (c) The extent to which assets are accounted for and safeguarded from losses arising from theft, fraud, waste, inefficient administration and poor value for money;
- (d) The suitability and reliability of management data;
- (e) Service managers' effectiveness in achieving value for money.

4.4.7.2 The Head of Internal Audit and Risk Management has authority, subject to necessary, prior consultations, to:

- (a) Enter all Council premises or land at any reasonable time and have access to all records, documents and correspondence relating to financial or other matters. This access extends to Council Officers and elected members as necessary;

(b) Require and receive such explanations as are necessary concerning any matter under examination;

(c) Require employees to produce cash, stores or other Council property under their control.

4.4.7.3 If elected members or staff discover or suspect any fraud or irregularity that affects the Council, they must immediately inform the Head of Internal Audit and Risk Management who will arrange for an investigation to be conducted if appropriate. In so doing, attention is drawn to the provisions and arrangements included in the Council's Public Interest Disclosure (Whistleblowing) policy.

#### 4.4.8 **Risk Management**

4.4.8.1 The Head of Legal, Risk and Compliance, in consultation with the Head of Internal Audit and Risk Management, is responsible for preparing the risk management strategy.

4.4.8.2 Directors are responsible for establishing effective internal controls to mitigate risk and documenting these controls and their application formally. In accordance with the risk management strategy, all officers have a role in the identification of risks as they affect their service area.

#### 4.4.9 **Internal Control**

4.4.9.1 In cases of material proposed change to systems of internal control, advice should be sought from the Head of Internal Audit and Risk Management. It is the responsibility of relevant service managers, however, to implement resulting changes and monitor their effectiveness.

#### 4.4.10 **Income**

4.4.10.1 The collection of all money owed to the Council is the responsibility of the Head of Finance except:

(a) The collection of monies at service locations (i.e. where payment or counter services are offered) and the accounting thereof to the Head of Finance is the responsibility of the appropriate Director;

(b) The Director of Services for Communities is responsible for the collection of rents for Council housing and the collection of parking fines and accounting for them to the Head of Finance.

4.4.10.2 The Head of Finance must be notified promptly of all money due and of contracts, leases, agreements or other arrangements, that involve payments to the Council.

- 4.4.10.3 Directors will ensure the prompt rendering of accounts in connection with work done, goods supplied or services rendered and will furnish the Head of Finance with the information required to identify income due. The Head of Finance will approve the manner in which accounts for income receivable must be prepared. Additional guidance in this area is provided within the Council's Corporate Debt Policy.
- 4.4.10.4 Arrangements for payment of accounts by instalment are at the discretion of the Head of Finance, in consultation with the relevant Director where appropriate.
- 4.4.10.5 Arrangements for the billing and recovery of all sums due should be carried out in accordance with the provisions contained within the Council's Corporate Debt Policy.
- 4.4.10.6 Invoices issued by the Council must not be amended to correct errors. Services must issue a replacement invoice if errors are identified, whereupon the erroneous invoice should be cancelled.

#### 4.4.11 **Receipt of Income**

- 4.4.11.1 All money received by a Council officer must be paid without delay or in accordance with directions issued by the Head of Finance.
- 4.4.11.2 Where invoices have not been issued for sums owed to the Council, alternative arrangements for collection are subject to the Head of Finance's written approval.
- 4.4.11.3 The Head of Finance will specify in writing procedures for recording income, lodging income with the bank, resolving banking discrepancies, security and insurance, cash transfers, personal cheques and the supply of receipts and tickets for use by service areas.
- 4.4.11.4 The Head of Finance is authorised to sign certificates and petitions to the Sheriff Court for summary warrant applications.

#### 4.4.12 **Salaries and Wages**

- 4.4.12.1 Employees may be appointed only in accordance with the procedures approved by the Council, the establishment, grades and rates of pay. Appropriate equality monitoring and internal audit arrangements will be put in place to ensure compliance.
- 4.4.12.2 Salaries and wages must be processed in accordance with procedures and instructions issued by the Head of Finance from time to time.
- 4.4.12.3 The payment of salaries, wages, compensations and other emoluments to employees or pension entitlements to former

employees will be made by the Head of Finance, who is also responsible for transmitting pension contributions to the Lothian Pension Fund and the Scottish Public Pensions Agency and tax and National Insurance contributions to HM Revenue and Customs.

4.4.12.4 Directors must provide the Head of Finance with the information required to complete Council and statutory returns.

#### 4.4.13 **Allowances and Loan Schemes**

4.4.13.1 The Head of Finance is responsible for paying allowances, reimbursing expenses and administering loan schemes.

4.4.13.2 Directors are required to ensure that:

- (a) Claims and applications are submitted in accordance with conditions of service, Council policies and statutory provisions, together with relevant supporting information such as receipts;
- (b) Claims and applications are submitted on the appropriate form and certified by an authorised officer;
- (c) Officers authorised to sign claims and application forms on their behalf are notified to the Head of Finance;
- (d) Information required to complete Council and statutory returns is provided to the Head of Finance.

4.4.13.3 The Head of Finance is responsible for administering the Scheme of Members' Allowances in accordance with relevant statutory provisions and the payment of expenses. A report on members' allowances must be presented to the Governance, Risk and Best Value Committee annually.

#### 4.4.14 **Insurance**

4.4.14.1 The Head of Finance will:

- (a) Prepare and maintain an insurance strategy to provide cost-effective cover;
- (b) Negotiate claims with insurers, in consultation with relevant officers;
- (c) Report annually to the Governance, Risk and Best Value Committee on the strategy's operation and effectiveness.

4.4.14.2 Directors must notify the Head of Finance promptly of all new risks, properties, vehicles, plant, equipment, etc. that require to be insured,



in addition to any alterations and changes in activities and procedures that may affect existing insurance arrangements.

4.4.14.3 Directors must notify the Head of Finance of all major capital and revenue projects at an early stage if insurance cover or specialised insurance advice is required.

4.4.14.4 Directors must notify the Head of Finance in writing of any loss, liability, damage or other event likely to lead to a claim immediately they become aware of it and should inform the police where appropriate.

4.4.14.5 Directors should not:

(a) Make any admission of liability;

(b) Take any action which may be construed as an admission of liability;

(c) Waive any rights of recovery.

4.4.14.6 Directors must consult the Head of Finance and Head of Legal, Risk and Compliance regarding the terms of any indemnity which the Council is requested to provide.

4.4.14.7 Directors must take due account of recommendations made by the Council's insurers.

#### 4.4.15 **Imprest Accounts**

4.4.15.1 Where appropriate, the Head of Finance will provide cash advances to officers to defray petty cash and other expenses. Such advances will be accounted for using the imprest system.

#### 4.4.16 **Custody and Security of Assets**

4.4.16.1 Each Director is responsible for maintaining appropriate security at all times for buildings, stores, furniture, equipment, cash and other property, including that owned by third parties.

4.4.16.2 The Scheme of Delegation to Officers – Appendix 1 - General Delegation to Directors provides delegated authority to write off or dispose of any stores, plant, furniture, equipment or any other non-property asset in accordance with these Financial Regulations provided that:

(a) The stores, plant, furniture, equipment or other non-property asset have become unfit for use and unsaleable; and

(b) The decision is made in consultation with the Director of Corporate Governance.

4.4.16.3 Council property may not be removed, other than for Council purposes, unless specific instructions have been issued by a Director.

4.4.16.4 Directors are responsible for the care, custody and stocktaking of all stocks under their control and must act in accordance with guidelines issued by the Head of Finance.

4.4.16.5 Each Director must agree maximum limits for cash holdings with the Head of Finance for insurance purposes. These may not be exceeded without the permission of the Head of Finance.

4.4.16.6 All heritable securities which are the Council's property, are in its name or in the name of its nominee, and the title deeds of all Council property must be stored securely by the Director of Corporate Governance.

4.4.16.7 All heritable securities that comprise the Common Good Fund must be stored securely by the Director of Corporate Governance.

#### 4.4.17 **Gifts, Hospitality and Conduct**

4.4.17.1 A register of items gifted or bequeathed to the Council will be maintained by the Head of Finance. Items of considerable value when not otherwise taken on charge for Council or service-specific purposes should be lodged with the Head of Finance for safe keeping and insurance.

4.4.17.2 Elected members and officials must comply with the Local Government (Scotland) Act 1973 Section 68 and all relevant codes of conduct for local government personnel.

4.4.17.3 The Director of Corporate Governance has delegated authority to approve City Receptions and Committee Receptions costing up to £1,500 and funded from the Civic Hospitality budget subject to consultation with the Convener of the Finance and Resources Committee. Heads of Service may similarly approve Committee Receptions where the estimated cost does not exceed this level. Applications for Committee Receptions costing more than £1,500 must be approved by the relevant executive committee.

#### 4.4.18 **Banking Arrangements**

4.4.18.1 The Head of Finance will make arrangements for opening and operating bank accounts and using banking services. The Head of Finance is responsible for negotiating banking terms. No new bank accounts should be opened without the authorisation of the Principal

Treasury and Banking Manager. Personal bank accounts must never be used in respect of Council transactions or funding.

- 4.4.18.2 All cheque forms, excluding those required for authorised imprest accounts may be printed only with the authority of the Head of Finance, who will make arrangements for their safe custody.
- 4.4.18.3 Cheques drawn on the main bank accounts must bear the facsimile signature of the Head of Finance (or other nominated officer) or be signed by the Head of Finance or other officer who holds an authorised post designated by him/her.
- 4.4.18.4 The Head of Finance will make appropriate arrangements, including determination of agreed authorisation limits, for the signature of other financial documents on behalf of the Council.

#### 4.4.19 **Treasury Management**

- 4.4.19.1 The Council has adopted CIPFA's "Code for Treasury Management in the Public Services" and "Prudential Code for Capital Finance in Local Authorities". The Head of Finance is responsible for preparing and maintaining the Treasury Policy Statement and treasury management activities must be carried out in accordance with the Statement. Amendments must be considered and approved by Council.
- 4.4.19.2 An annual Treasury Strategy must be prepared. To this end, the Head of Finance will prepare separate annual reports to propose the following year's treasury strategy and report on the previous year's management performance. These documents will be subject to approval by Council and onward scrutiny by the Governance, Risk and Best Value Committee to monitor the strategy's implementation and effectiveness. The performance report will be submitted as soon as possible after the end of the financial year.
- 4.4.19.3 All treasury-related decisions are delegated to the Head of Finance who must act in accordance with the Code and Policy Statement.
- 4.4.19.4 All money in the Council's custody will be aggregated for treasury management purposes and controlled by the Head of Finance.
- 4.4.19.5 Where the acquisition or creation of an asset by leasing is proposed, the financial implications of the leasing agreement must be approved by the Head of Finance.

#### 4.4.20 **Investments**

- 4.4.20.1 The Head of Finance may undertake any action that may reasonably be deemed permissible investment business but must seek appropriate advice where necessary in relation to educational endowments and any other Council or trust funds.

4.4.20.2 The Head of Finance is responsible for the safe custody of share certificates or other documents relating to the investment of Council or trust funds.

#### 4.4.21 **Payment of Accounts**

4.4.21.1 Arrangements for processing payments must comply with procedures established by the Head of Finance, a summary of which is included in the Finance Rules.

#### 4.4.22 **Grant Payments to Third Parties**

4.4.22.1 Directors are responsible for ensuring that grant awards are consistent with the Council's priorities and are subject to its [standard conditions of funding](#) as determined by the Director of Corporate Governance.

4.4.22.2 Arrangements for processing grant payments must comply with procedures established by the Head of Finance as set out in the Finance Rules. Other than in a limited number of specific cases where authority is delegated to service directors, all payments are subject to annual consideration and approval by the Corporate Policy and Strategy Committee.

#### 4.4.23 **Procurement/Purchasing**

4.4.23.1 Arrangements for procurement/purchasing, including the use of purchasing cards, must comply with procedures established by the Head of Finance as summarised in the Finance Rules.

4.4.23.2 Directors are responsible for ensuring that purchasing activity carried out on their behalf is undertaken in accordance with the guidance contained in the Procurement Handbook and associated equality requirements.

#### 4.4.24 **Value Added Tax**

4.4.24.1 Directors are responsible for identifying and accounting for input and output tax as it relates to their service area. Queries and specific problems should be referred to the Head of Finance, who is responsible for issuing guidance on the application of VAT rules.

#### 4.4.25 **Computer Security**

4.4.25.1 The Director of Corporate Governance is responsible for preparing and maintaining the Council's policy on ICT security, as well as appropriate guidance on usage and security.

4.4.25.2 Directors are responsible for applying the security policy and guidance.

4.4.25.3 The Council is registered under the Data Protection Act. Directors are responsible for ensuring that the provisions regulating computer systems' security are strictly observed. Directors must liaise with the Head of Customer Services to ensure adequate security on a continuing basis.

#### 4.4.26 **Other Significant Documents**

4.4.26.1 Financial Regulations should be read in conjunction with the constitutional documents of the Council and all Council Policies (as such term is defined in the Scheme of Delegation to Officers) including without limitation:

Procedural Standing Orders for Council and Committee Meetings;  
Committee Terms of Reference and Delegated Functions;  
Scheme of Delegation to Officers;  
Finance Rules;  
Contracts Standing Orders;  
Procurement Handbook;  
Code of Conduct on the Use of Electronic Communications;  
A Framework to Advance Equality and Rights 2012 to 2017 and successor documents.

## **ADDENDUM: FINANCIAL REGULATIONS – LOTHIAN PENSION FUNDS**

In respect of all pension funds administered by the City of Edinburgh Council, the Section 95 responsibility has been delegated to the Pensions and Accounting Manager. This encompasses responsibility for all accounting records and financial administration of the pension funds, as aligned to the remit of the Pensions Committee and Pensions Audit Sub-Committee.

The responsibilities of the Head of Finance, as detailed in these Finance Regulations, will therefore apply to the Pensions and Accounting Manager, only to the extent that these are pertinent to the governance of the pension funds. This shall include making suitable arrangements for the safe custody of the investments of the pension funds, share certificates or other documents relating to the investment of pensions funds. Financial reporting for the pension funds will be considered by the Pensions Committee, and the Pensions Audit Sub-Committee as appropriate.

# City of Edinburgh Council

## Member-Officer Protocol

1	INTRODUCTION AND PRINCIPLES	2
2	ROLE OF MEMBERS	2
3	ROLE OF OFFICERS	3
4	RELATIONSHIP BETWEEN MEMBERS AND OFFICERS	4
5	ACCESS TO INFORMATION AND DOCUMENTS	6
6	THE COUNCIL AS EMPLOYER	8
7	MONITORING THE PERFORMANCE OF OFFICERS	9
8	SUPPORT SERVICES TO MEMBERS AND PARTY GROUPS	10
9	REVIEW OF THE PROTOCOL	11

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

5.9 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.

5.10 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.

5.11 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").

5.12 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.

5.13 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.

5.14 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.

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

5.16 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.

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

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

5.19 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.

- 5.20 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.

### Appendix 1

#### Exempt Information

Type	Exemption	Qualification	Paragraph of Part 1, Schedule 7A, 1973 Act
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
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
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
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

Type	Exemption	Qualification	Paragraph of Part 1, Schedule 7A, 1973 Act
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
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
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

Type	Exemption	Qualification	Paragraph of Part 1, Schedule 7A, 1973 Act
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
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
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
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

Type	Exemption	Qualification	Paragraph of Part 1, Schedule 7A, 1973 Act
Legal advice/instructions	<p>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:</p> <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
Statutory notices	<p>Information which, if disclosed to the public, would reveal that the authority proposes—</p> <ul style="list-style-type: none"> <li>(c) to give under any enactment a notice under or by virtue of which requirements are imposed on a person; or</li> <li>(d) to make an order or direction under any enactment.</li> </ul>	<p><i>Information falling within this paragraph is exempt information if and so long as disclosure to the public might afford and 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 give or made.</i></p>	13
Crime	<p>Any action to be taken in connection with the prevention, investigation or prosecution of a crime.</p>		14
Protected Informants	<p>The identity of a protected informant.</p>		15

**Regulations for the Appointment of  
Religious, Teacher and Parent  
Representatives**

## **RELIGIOUS REPRESENTATIVES**

Regulations for nominations of persons interested in the promotion of religious education to be appointed to the Education, Children and Families Committee.

1. The Council shall appoint three persons interested in the promotion of religious education to be members of the Education, Children and Families Committee in accordance with Section 124 of the Local Government (Scotland) Act 1973, as amended by Section 31 of the Local Government etc. (Scotland) Act 1994.
2. The appointments shall be made by the Council as soon as possible after the ordinary statutory election of Councillors in the month of May and, subject to regulation 9, the persons will be appointed and hold office until the day of the next ordinary statutory election of Councillors.
3. One person interested in the promotion of religious education shall be nominated by the General Assembly of the Church of Scotland in terms of Section 124 of the Local Government (Scotland) Act 1973 as amended. The Depute Returning Officer shall, in a year of an election of Councillors, request the Principal Clerk of the General Assembly of the Church of Scotland to submit to him a nomination of the person not later than the First day of May in that year.
4. One person interested in the promotion of religious education shall be nominated by the Roman Catholic Church, in such manner as may be determined by its Scottish Hierarchy in terms of Section 124 of the Local Government (Scotland) Act 1973 as amended. The Depute Returning Officer shall, in a year of an election of Councillors, request the Archbishop of Edinburgh and St. Andrews to submit to him a nomination of the person not later than the First day of May in that year.
5. One other person interested in the promotion of religious education shall be nominated in terms of Section 124 of the Local Government (Scotland) Act 1973, as amended.
6. The nomination shall be made in accordance with the following provisions:-
  - 6.1 Not later than the Fifteenth day of March in the year of an election of Councillors, the Depute Returning Officer, by advertisement in one or more newspapers circulating in the Area, shall give notice that the Churches or denominational bodies (other than the Church of Scotland and the Roman Catholic Church) who claim to have duly constituted charges or other regularly appointed places of worship within the Area and to be entitled to be represented at the meeting for nomination of one person with a view to appointment as a member of the Education, Children and Families

Committee, may obtain copies of these Regulations on application to him; and that each of these Churches or denominational bodies who desire to be represented at the meeting for the nomination of one person with a view to appointment as a member of the Education, Children and Families Committee must provide to him prior to the Thirty first day of March -

- 6.1.1 A certified list of the names and situations of the duly constituted charges or other regularly appointed places of worship which such church or other denominational body claims to have within the Area;
- 6.1.2 A certified statement of the number of representatives whom such church or denominational body claims to be entitled to have at the said meeting calculated in accordance with the following scale –

Number of duly constituted charges or other regularly appointed places of worship	Number of representatives at meeting
Not more than three	One
More than three and not more than six	Two
More than six and not more than ten	Three
More than ten and not more than fifteen	Four
More than fifteen and not more than twenty	Five
Each ten in excess of twenty	One additional

- 6.1.3 The full names and postal addresses of the persons appointed to represent such Church or denominational body at the said meeting.
- 6.2 Not later than the Seventh day of April, the Depute Returning Officer shall -
  - 6.2.1 Prepare a list of the Churches or denominational bodies who have claimed to have duly constituted charges or other regularly appointed places of worship within the Area, which list shall, as regards each Church or denominational body included therein, show the total number of duly constituted charges or other regularly appointed places of worship and the number of representatives at the aforesaid meeting which such Church or denominational body has claimed.
  - 6.2.2 Provide a copy of such list to each of the Churches or denominational bodies included therein, and at the same time intimate to such Churches or denominational bodies that they may inspect at his office all the certified lists of the duly constituted

charges or other regularly appointed places of worship and all the certified statements of the numbers of representatives claimed at the aforesaid meeting which he has received from Churches or denominational bodies in the Area; and that any Church or denominational body included in the list may, within seven days after the date of such intimation, lodge with him objections to any of the certified lists or certified statements on the ground that such list or statement is inaccurate.

7. If any objection to any such certified list or certified statement on the ground that it is inaccurate is received by the Depute Returning Officer in accordance with the immediately preceding paragraph, he shall, as soon as reasonably may be, fix a time and place for the hearing and determination of such objection and send a copy of each such objection to each Church or denominational body included in the list and intimate the time and place fixed for the hearing and determination of the objections, and each Church or denominational body included in the list may be represented at such hearing and determination by not more than two representatives. The Director of Corporate Governance, or a person nominated by him, shall preside at such hearing and, after such procedure as he may prescribe, shall determine whether the objection is well founded and shall in accordance with the scale prescribed in paragraph 6.1.2 of this Regulation, fix the number of representatives whom each church or denominational body shall be entitled to have at the meeting for the nomination of a person in terms of this Regulation. The determination of the Director of Corporate Governance, or the person nominated by him, shall be final and not subject to review.
8. If no such objections are received or upon the determination of any such objections, the Depute Returning Officer shall call a meeting of the representatives appointed by the Churches or denominational bodies for the purpose of nominating a person with a view to such person being appointed a member of the Education, Children and Families Committee. Such meeting shall be held in the City Chambers, Edinburgh, not later than the Thirtieth day of April and shall be called by circular addressed and sent by post to each representative not less than six days prior to the date of the meeting. The Director of Corporate Governance, or such other person appointed by him, shall preside and conduct and regulate the proceedings at the meeting, but he shall have only a casting vote. Each representative of a Church or denominational body present at the meeting shall have one vote only. The Depute Returning Officer shall report the result of such meeting of representatives to the Council as soon as possible after the ordinary statutory election of Councillors for decision by Full Council.



9. In the event of a casual vacancy among the members of the Education, Children and Families Committee appointed in accordance with this Regulation, the provisions contained in this Regulation shall apply to and govern the constitution and covering of the meeting of representatives of Churches or denominational bodies for the purpose of filling such vacancy. The Depute Returning Officer shall determine the dates for taking the action required of him, allowing periods of time between events similar to those specified in the preceding sub-paragraphs.

## **NOMINATION OF TEACHER REPRESENTATIVES**

1. The Council shall appoint two Teachers in the employment of the Council as Teachers' Representatives to be members of the Education, Children and Families Committee.
2. The appointments shall be made by the Council as soon as possible after the ordinary statutory election of Councillors in the month of May and, subject to Paragraph 14, the Teachers' Representatives shall be appointed and hold office until the day of the next ordinary statutory election of Councillors.
3. Teachers entitled to nominate and vote for Teachers' Representatives and teachers entitled to be nominated as Teachers' Representatives shall be registered teachers holding full-time permanent appointments with the Council and engaged in Primary or Secondary Education as at the First day of March in the year of election.
4. A teacher shall be entitled to nominate and vote for not more than two Teachers' Representatives.
5. The Depute Returning Officer shall supervise the nominations of Teachers' Representatives and the decisions of the Depute Returning Officer on all matters relating to the nominations shall be final and not subject to review.
6. Not later than the Fifteenth day of March in the year of an election of Councillors, the Depute Returning Officer shall send to all teachers entitled to nominate Teachers' Representatives a notice specifying the right of each teacher to nominate not more than two Teachers' Representatives and the arrangements for making nominations of Teachers' Representatives and for voting on the nominations if necessary.
7. Each nomination shall be on a form prescribed by the Depute Returning Officer and shall be signed by two teachers, one as proposer and one as seconded, and shall be counter-signed by the nominee to signify his or her consent to the nomination.
8. Candidates may provide a personal statement of not more than 250 words which statement must either accompany the nomination form or be lodged with the Depute Returning Officer on the Seventh day of April in the year of the election at the latest. The statement will be reproduced and circulated by the Depute Returning Officer with the ballot papers. Statements must not be defamatory, offensive, obscene, likely to incite racial hatred or political in nature or designed to effect public support for a political party. If any part of the personal statement is not permitted by reason of being defamatory, offensive, obscene, likely to incite racial hatred or political in

nature, the circulation of it will be refused by the Depute Returning Officer unless suitably amended by the candidate or candidates concerned. The candidates remain responsible for their own personal statement.

9. Nominations must be lodged with the Depute Returning Officer at Council Headquarters, Waverley Court, 4 East Market Street, Edinburgh, not later than 4 p.m. on the Thirty first day of March in the year of election.
10. Immediately after the closing date for the receipt of nominations, the Depute Returning Officer shall issue to each teacher who is validly nominated, a list of the names and addresses of all teachers who are validly nominated. A teacher may withdraw his or her nomination by written intimation to that effect lodged with the Depute Returning Officer not later than 4 p.m. on the Seventh day of April in the year of election.
11. Where more than two teachers remain validly nominated the Depute Returning Officer shall, not later than the Fifteenth day of April in the year of election, send ballot papers to all the teachers entitled to vote.
12. Ballot papers, duly completed, shall be lodged in sealed marked envelopes with the Depute Returning Officer not later than 4 p.m. on the Twenty fifth day of April in the year of election.
13. The Depute Returning Officer shall make arrangements for the ballot papers to be opened and the votes to be counted not later than the Thirtieth day of April in the year of election and shall forthwith notify the names of the persons duly nominated as Teachers' Representatives to the Director of Corporate Governance who shall report the names to the Council as soon as possible after the ordinary statutory election of Councillors.
14. In the event of a casual vacancy among the Teachers' Representatives on the Education, Children and Families Committee the provisions contained in these Regulations shall apply to and govern the nomination of a successor Teachers' Representative. The Depute Returning Officer shall determine the dates for taking the action required of him allowing periods of time between events similar to those specified in the preceding Regulations. The teachers entitled to nominate and vote for the Teachers' Representatives shall be registered teachers holding full-time permanent appointments with the council and engaged in Primary or Secondary Education all as at the Fifteenth day prior to the date fixed by the Depute Returning Officer for issuing the notice specified in 6 above.

## **NOMINATION OF THE PARENTS' REPRESENTATIVE**

1. The Council shall appoint one parent representative to be a member of the Education, Children and Families Committee.
2. The appointment will be made by the Council as soon as possible after the ordinary statutory election of Councillors in the month of May and, subject to 9, the parent's representative shall be appointed and hold office for a period of two and a half years.
3. Only members of the Consultative Committee with Parents, duly appointed from Schools and Parent Councils, are eligible to be nominated as the parents' representative on the Education, Children and Families Committee.
4. Not later than the Fifteenth day of March in the year of an election of Councillors, the chair of the Consultative Committee with Parents will arrange for nominations to be considered as an agenda item for the committee.
5. The Depute Returning Officer will oversee the nominations of the Parent's Representative and the decisions of the Depute Returning Officer on all matters relating to the nominations shall be final and not subject to review.
6. Each nominee must be moved and seconded by members of the Consultative Committee with parents. The candidate with the most votes will be recommended to the Council to fulfil the role of Parents Representative on the Education, Children and Families Committee.
7. The Consultative Committee with Parents will advise the Director of Corporate Governance of their nomination.
8. Substitutes are allowed from the parent representatives sitting on the Consultative Committee with Parents.
9. The Director of Corporate Governance shall report to Council, as soon as possible after the ordinary statutory election of Councillors, the name of the duly nominated parents' representative of the Education, Children and Families Committee.
10. In the event of a casual vacancy for the role of parents representative on the Education, Children and Families Committee the provisions contained in these Regulations shall apply to and govern the nomination of a successor Parents' Representative.

10.00am, Thursday, 25 June 2015

## Unaudited Financial Statements 2014/15

Item number	8.6
Report number	
Executive/routine	
Wards	

### Executive summary

---

The report presents the Council's 2014/15 Unaudited Financial Statements to Members. These statements present the financial position and performance of the Council, together with that of the wider Council Group, for the year to 31 March 2015. The report also includes a summary of the outturn position and notes that a detailed report will be brought to the Finance and Resources Committee in August.

### Links

---

Coalition pledges	<a href="#">P30</a>
Council outcomes	<a href="#">CO25</a>
Single Outcome Agreement	<a href="#">SO1</a> , <a href="#">SO2</a> , <a href="#">SO3</a> , <a href="#">SO4</a>

## Unaudited Financial Statements 2014/15

### Recommendations

---

1.1.1 It is recommended that Council note that:

- 1.1.1 the unaudited financial statements for 2014/15 will be submitted to the external auditor by the required date;
- 1.1.2 a detailed report on the outturn will be reported to the Finance and Resources Committee in August 2015; and
- 1.1.3 the audited financial statements and the auditor's report will be submitted to the Governance, Risk and Best Value Committee at the conclusion of the audit in September 2015 and thereafter to Council in October 2015.

### Background

---

- 2.1 The purpose of this report is to present the unaudited financial statements for 2014/15 for Council's consideration.
- 2.2 The Council's unaudited financial statements, shown in Appendix 1, have been completed in accordance with proper accounting practices and are being presented to Council prior to submission to the external auditor by 30 June, as required by the Local Authority Accounts (Scotland) Regulations 2014.
- 2.3 Members should note that the revised regulations stipulate that the public inspection period begins earlier than in previous years. The financial statements must be published on the Council website no later than 30 June 2015 and made available for inspection for a period of 15 working days immediately thereafter.
- 2.4 The unaudited Balance Sheet and Statement of Responsibilities require to be signed only by the Head of Finance, in another change in regulations. The audited financial statements will require full sign-off by the Head of Finance, Chief Executive and Leader of the Council.

### Main report

---

- 3.1 The financial position for the Council, and its wider group responsibilities, is presented in the following statements:
  - Movement in Reserves Statement (pages 14-16);

- Comprehensive Income and Expenditure Statements for the Group (page 17) and the Council (page 18); and
  - Balance sheets for the Group (pages 19-20) and the Council (pages 21-22).
- 3.2 The consolidated group accounts include the results of the following subsidiaries, associates and trusts:
- Subsidiaries – CEC Holdings Ltd and Transport for Edinburgh Ltd;
  - Associates – Edinburgh Leisure, Festival City Theatres Trust, Common Good and Lothian Valuation Joint Board; and
  - Trusts – International Conference Centre Income and Expenditure Trusts.
- 3.3 The unaudited financial statements also include a remuneration report. This covers the Council's Leader, Civic Head, Senior Councillors and Conveners of Joint Boards and senior employees within both the Council and its subsidiary companies for current and, where applicable, former post holders (pages 136 to 146).

### **Outturn Summary**

- 3.4 The Council's outturn position shows a net underspend against budget of £0.519m. This is attributable to the following main factors:
- There was an overspend within the General Fund of £5.520m. Within this amount, four of the five main service areas returned underspends against their approved budgets. Health and Social Care returned an overspend of £5.878m, with this being met from underspends / additional income from other areas of the Council's budget.
  - Net savings in loan charges / interest received of £3.170m, mainly as a result of the continuing Council strategy not to undertake external borrowing to finance capital investment during the year. The approved budget includes savings of £3.1m in loan charges, over a two year period, with these savings offsetting pressures, including increased teachers' pension contributions.
  - Increase in the amount of Council Tax income collected, compared to budget, of £4.105m, mainly as a result of additional properties on which the tax can be levied. The approved budget for 2015/16 includes additional income of £3.2m from Council Tax, reflecting projected increases in the number of chargeable dwellings.
- 3.5 The net underspend of £0.519m has been set aside within the Council Priorities Fund. The balance in the Council Priorities Fund is fully committed. Members are asked to note that a detailed outturn report will be presented to the Finance and Resources Committee in August 2015. A reconciliation of the Comprehensive Income and Expenditure Statement to the underspend of £0.519m is shown in Appendix 2.

- 3.6 The HRA was balanced after making a contribution of £2.503m to the Renewal and Repairs Fund, via the General Fund. These funds are earmarked for future capital investment in new affordable homes through the 21st Century Homes programme and as a contingency to manage the impact of welfare reform. An additional £6.1m of debt was paid off in the year to 31 March 2015.
- 3.7 Capital expenditure, including the HRA, totalled £188.136m, compared to a revised budget of £184.867m, showing an accelerated spend of £3.269m, or 1.8% of budget, mainly related to asset management work projects. Within these amounts, expenditure on General Fund services exceeded budget by £9.092m, while expenditure on the HRA slipped by £5.823m.
- 3.8 Capital income totalled £137.340m, compared to a revised budget of £127.512m. The favourable position relates largely to increased capital receipts, although it should be noted that this is an acceleration of income realised rather than an increase in the overall level of receipts to be generated.
- 3.9 In total £50.796m was funded through borrowing, of which £30.975m related to the General Fund and £19.821m to the HRA. The revenue costs arising from this borrowing have been provided for in the 2015-16 budgets and are containable within the Council's Long-Term Financial Plan and HRA business plan.
- 3.10 The Financial Statements will be submitted to the Governance, Risk and Best Value Committee, together with the ISA260 report from the External Auditor, in September 2015 and to Council after conclusion of the audit.

### **Reserves**

- 3.11 At 31 March 2015, the General Fund reserves had fallen to £117.314m, a decrease of £5.995m. The level of reserves is reviewed annually by Council as part of the revenue budget process. This review considers the level of balances held, the financial risks which may occur and the arrangements in place to manage these.
- 3.12 The unallocated General Fund balance remains at £13.025m at 31 March 2015. The remaining £104.289m is earmarked for specific purposes. These earmarked balances are held for a number of reasons:
- Balances set aside for specific financial risks which are likely to arise in the medium term future – examples include monies earmarked for equal pay and the insurance fund. The Council holds £56.261m against these future risks.
  - Balances set aside, primarily from grant income, due to timing differences between the receipt of grants income and contributions and the planned expenditure thereof. The Council holds £38.705m of income which has been received in advance of planned expenditure.
  - Balances set aside to enable the Council to undertake investment in specific projects, which will deliver savings in future years. These savings are used,



initially, to reimburse the earmarked balances. The Council holds £8.269m of balances for such projects.

- Balances held under the Devolved School Management scheme of £1.054m. This scheme permits balances held on individual school budgets to be carried forward to the following financial year.

3.13 Details of the earmarked balances are shown in Appendix 3.

### **Pension Liability**

3.14 The financial statements have been prepared as determined under International Accounting Standard (IAS) 19, Employee Benefits. Under IAS19, the Council's net pension liability now stands at £726.969m, an increase of £191.471m from the balance at 31 March 2014. The actuarial valuation considers the appropriate employer's rates and this, together with employee contributions and revenues generated from fund investments, will be utilised to meet the fund's future commitments.

## **Measures of success**

---

4.1 Council receives an unqualified audit certificate from the External Auditor by 30 September 2015.

## **Financial impact**

---

5.1 The report identifies where funding has been made available for known risks and the Council holds unallocated General Fund reserves against the likelihood of unfunded risks occurring.

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

---

6.1 The Governance, Risk and Best Value Committee will consider the financial statements at the conclusion of the audit.

## **Equalities impact**

---

7.1 There are no equalities impact implications arising from this report.

## **Sustainability impact**

---

8.1 There are no impacts on carbon, adaptation to climate change and sustainable development arising directly from this report.

## Consultation and engagement

---

- 9.1 The unaudited financial statements will be published on the Council's website from 30 June 2015 and made available for public inspection for a period of 15 working days in accordance with the provisions of the Local Government (Scotland) Act 1973 and the Local Authority Accounts (Scotland) Regulations 2014.

## Background reading/external references

---

None.

### **Alastair D Maclean**

Director of Corporate Governance

Contact: Catrina Montgomery, Senior Accountant

E-mail: [catrina.montgomery@edinburgh.gov.uk](mailto:catrina.montgomery@edinburgh.gov.uk) | Tel: 0131 469 3497

## Links

---

<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 agreed 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>	<ol style="list-style-type: none"><li>1. Unaudited financial statements 2014/15</li><li>2. Summary reconciliation of the Comprehensive Income and Expenditure Statement to the reported underspend</li><li>3. Revenue balances</li></ol>



**2014/2015  
UNAUDITED STATEMENT OF  
ACCOUNTS**

# The City of Edinburgh Council

## Statement of Accounts

Year to 31 March 2015

### CONTENTS

	Page
Management Commentary	2
Statement of Responsibilities for the Statement of Accounts	13
Movement in Reserves Statement	14
Comprehensive Income and Expenditure Statement - Group	17
Comprehensive Income and Expenditure Statement - Council	18
Balance Sheet - Group	19
Balance Sheet - Council	21
Cash Flow Statement - Group	23
Cash Flow Statement - Council	24
Notes to the Financial Statements	25
Housing Revenue Account	122
Council Tax Income Account	125
Non-Domestic Rates Income Account	126
Common Good Fund	127
- Movement in Reserves Statement	127
- Comprehensive Income and Expenditure Statement	128
- Balance Sheet	129
- Notes to the Common Good Fund Financial Statements	130
Annual Governance Statement	132
Remuneration Report	136
Independent Auditor's Report	147

# MANAGEMENT COMMENTARY

## Basis of Accounts

The Unaudited Statement of Accounts presents the financial position and performance of the Council, together with the financial position of the wider Council Group for the year to 31 March 2015.

The Statement of Accounts has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the Service Reporting Code of Practice.

## Statutory Background

The City of Edinburgh Council was constituted under the Local Government, etc. (Scotland) Act 1994 and became the unitary local authority to Scotland's capital city in April 1996. The Council brought together most of the services delivered by the previous regional and district councils, with its primary current frontline functions being the provision of education to school-age children within the city, social care services, economic development, a range of community-based services such as roads maintenance, street lighting and refuse collection and quality of life functions such as libraries, culture, recreation and parks. Services are delivered to just under half a million citizens across the 102 square mile Council area.

Comprehensive further detail of the services provided by the Council is included on its website and within the annual Key Facts and Figures and Edinburgh by Numbers publications.

The Council currently has 58 Councillors representing 17 wards within the city.

Political representation as of May 2015 was as follows:

Labour Party	20 members
Scottish National Party	17 members
Conservative Party	11 members
Scottish Green Party	6 members
Liberal Democrats	3 members
Independent	1 member

The Labour and Scottish National Party groups together form the Capital Coalition for the City of Edinburgh, which is made up of 37 of the 58 Councillors.

The Capital Coalition leads the Council and fills the roles of Lord Provost, Leader of the Council and most committee convenerships.

The Full Council meets once a month and also delegates decisions to committees which meet regularly throughout the year.

Details of the senior councillors' remuneration and committee roles are disclosed in the Remuneration Report from page 137 of these financial statements.

# MANAGEMENT COMMENTARY

## Corporate Strategy

The current Council Strategic Plan was first developed in 2012 and outlines priorities for the period 2012-17. The plan forms the central part of the Council's planning and performance management framework and is reviewed and updated each year to take account of new developments, emerging priorities and actions.

To meet this commitment, the 2015 review builds on the strategic direction set out in the Council Transformation Programme and the 'Organise to Deliver' reports to refresh the approach the plan takes to communicating the Council's vision and purpose. This refresh is proposed in order to ensure the plan remains fit for purpose through a period of change and promotes staff and customer engagement. The plan seeks to embody clearly and promote the Council values of putting the customer first, being forward-thinking, working together and being honest and transparent. The framework is also intended to demonstrate a clear line of sight to the Capital Coalition pledges, Edinburgh Partnership Community Plan, the Corporate Transformation Programme and more operational delivery plans spanning the Council's service areas.

The draft Council Business Plan for 2015/18 therefore adopts a single vision for the city, shared with all Council partners. To deliver this vision, the plan sets out overlapping strategic themes common to the work of all service areas. These themes set out a commitment for the Council to:

- Improve quality of life
- Ensure economic vitality, and
- Build excellent places.

Across all of these themes, the plan sets out a further common commitment to provide best value and to



Within these themes, the plan also provides an overview of key priority outcomes for the Council, linked to priorities set out in existing service plans and strategies and to key priorities emerging from customer consultation and engagement work.

# MANAGEMENT COMMENTARY

## Risks and Uncertainty

In 2012, an external review of the Council's risk management arrangements concluded that they were inadequate for an organisation of its size, nature and complexity. The co-sourcing arrangements for the internal audit and risk management service subsequently put in place by the Director of Corporate Governance therefore sought to enhance the Council's capacity and capability in this area and the extent of improvement has been noted in successive external assessments.

Robust risk management ensures that the Council's agreed outcomes, pledges, objectives and service delivery are achieved more effectively and efficiently and that performance will be improved through better-informed decision-making and reduced uncertainty. To this end, a Risk Management Policy and Framework was approved by the Governance, Risk and Best Value Committee in March 2015. This policy sets out the Council's approach to risk management and the activities and responsibilities required to ensure that risk management is embedded comprehensively and consistently across the Council.

Robust risk management is based on a cycle of regular review and update which should be evidenced in risk registers held and maintained by the Corporate Leadership Group (CLG), Service Area senior management teams (SMTs) and, below this, in teams as required by the appropriate SMT. Every quarter, service area and CLG risk committees review and challenge the issues and risks arising and update their risk registers appropriately. The CLG and Chief Risk Officer also report on risks and risk management to the Governance, Risk and Best Value Committee which is charged with monitoring the effectiveness of the Council's overall risk management arrangements, including monitoring internal financial control, corporate risk management and key corporate governance areas. The most recent such update was considered by the Committee on 5 March 2015, setting out the highest-priority risks of the Council, alongside the key controls in place to mitigate them.

The highest-assessed inherent risks i.e. the risks where there were no plans in place to manage them, were that:

- the Council has insufficient resources to structure and maintain a capital portfolio that is fit-for-purpose and meets health and safety standards now and in the future;
- the affordability and delivery of the Adult Social Care service, particularly in light of expected demographic changes, could impact on the outcomes and care for the people of Edinburgh;
- the IT infrastructure is not fit for purpose and does not meet the present or future needs of the Council, impacting on the Council's ability to deliver services as expected;
- the Council's transformational change agenda is not implemented effectively with support from elected members and trade unions, resulting in a failure to meet service delivery outcomes and impacting on cost reductions and staff morale;
- the Council does not generate sufficient savings to meet budget targets in the short and longer term, resulting in under-delivery of key services.

The report therefore also set out a range of current, and proposed further, mitigating actions in assessing the residual level of risk to which the Council is exposed.

## MANAGEMENT COMMENTARY

### Results for the year

While the Council is required by statute to report publicly on its performance across a range of areas set out by the Accounts Commission, a suite of additional measures, aligned to the Council's priorities, continues to be reported on a monthly basis to the Corporate Leadership Group and half-yearly to the Corporate Policy and Strategy Committee and relevant Executive Committees. This thematic reporting is intended to complement financial data in giving a more rounded and informed picture of overall performance. Progress is tracked against around forty key indicators covering the full range of Council services, with both absolute levels and trends in performance analysed to identify areas for remedial action and / or dissemination of best practice. Edinburgh-specific performance data for 2014/15 has also been provided through a range of other channels, including the Edinburgh People Survey, audits and inspections. Performance against a range of local-level, "quality of life" indicators is in addition monitored on a regular basis, with corresponding areas for improvement identified.

### Financial Ratios

Financial ratios relating to Council Tax, debt and borrowing are shown below.

Council Tax	2014/15	2013/14	
In-year collection rate	95.40%	94.70%	This shows the % of Council Tax collected during the financial year that relates to bills issued for that year. It does not include collection of funding relating to previous financial years.
Council Tax income as a percentage of overall funding	24.78%	24.88%	This shows the proportion of total funding that is derived from Council Tax.
<b>Debt and Borrowing - Prudence</b>			
Capital Financing Requirement	£1,726.0m	£1,728.5m	The capital financing requirement represents the underlying need to borrow to fund expenditure on assets. Financing costs are provided for within the Council's Long-Term Financial Plan. Further details of the capital financing requirement can be seen in note 39 to the Financial Statements.
External debt levels	£1,677.2m	£1,670.6m	External debt levels include long-term, commitments in respect of finance leases (mainly schools provided through PPP schemes) together with borrowing undertaken to finance capital expenditure.  External debt levels are lower than the capital financing requirement as the Council has adopted a position of under borrowing, as set out in the Treasury Strategy.
<b>Debt and Borrowing - Affordability</b>			
Financing costs to net revenue stream - General Fund	11.94%	11.94%	These ratios show the proportion of total revenue funding that is used to meet financing costs. The ratios exclude any voluntary repayments of debt made during the year.
Financing costs to net revenue stream - HRA	34.43%	36.44%	
Impact of capital investment on Council Tax	0.96%	0.18%	These ratios show incremental impact of financing costs (the increase in financing costs from the previous financial year) as a percentage of Council Tax, in respect of costs payable through the General Fund and house rents for the HRA.
Impact of capital investment on house rents	-0.10%	1.03%	



# MANAGEMENT COMMENTARY

## Financial Performance

### Revenue - General Fund

The Council's financial performance is presented in the Comprehensive Income and Expenditure Statement, which can be seen on page 18. This statement has been prepared using International Financial Reporting Standards. To show the net position of the Council, it is necessary to adjust the Comprehensive Income and Expenditure Statement for statutory items that require to be taken into account in determining the position on the General Fund and Housing Revenue Account for the year. These are shown in the Movement in Reserves Statement (pages 14 to 16).

The outturn position for the General Fund, excluding accounting practice adjustments, compared to budget is summarised below. Further details will be provided in the report to the Finance and Resources Committee in August 2015, which will be available on the Council's website.

	<b>Budget</b>	<b>Actual</b>	<b>(Under)</b>
	<b>2014/15</b>	<b>2014/15</b>	<b>/ Over</b>
	<b>£000</b>	<b>£000</b>	<b>Spend</b>
			<b>£000</b>
General Fund services	850,075	855,595	5,520
Dividend income (net)	(8,000)	(8,437)	(437)
Loans charges / interest on revenue balances	118,165	114,995	(3,170)
Net contribution to earmarked balances	(1,827)	723	2,550
	<b>958,413</b>	<b>962,876</b>	<b>4,463</b>
<b>Total expenditure to be funded</b>			
Council Tax	(234,591)	(238,696)	(4,105)
Council Tax Reduction Scheme	26,597	25,785	(812)
Total - Council Tax income account	(207,994)	(212,911)	(4,917)
Community Charge income	0	(65)	(65)
General revenue funding	(386,311)	(386,311)	0
Distribution from non-domestic rate pool	(364,108)	(364,108)	0
<b>Funding</b>	<b>(958,413)</b>	<b>(963,395)</b>	<b>(4,982)</b>
	<b>0</b>	<b>(519)</b>	<b>(519)</b>
<b>Transfer to Council Priorities Fund</b>			

Fees and charges levied by the Council have been offset against the cost of providing services and are included within the actual cost of General Fund Services shown above.

### Budget performance - General Fund

Four of the Council's five main service areas maintained expenditure within approved levels during the year. This was achieved despite on-going increases in demand across a number of areas influenced by demographics and wider social change, including early years and primary school provision and services for at-risk children and older people. While there is clear evidence that the position is improving, economic conditions continue to place additional calls upon welfare-related services whilst also exerting an element of downward pressure on fees and charges income. Recent changes in UK-wide welfare reforms have, in general terms, also increased benefits processing and appeals volumes, as well as contributing to an increase in the overall level of housing rent arrears.

The main variances in the Council's outturn position arose in the following areas:

- An overspend within General Fund services of £5.520m. Within this amount, all services except Health and Social Care returned small underspends against their approved budgets. The additional costs relate mainly to Health and Social Care demand pressures, with these being met from underspends / additional income from other areas of the Council's budget.
- A reduction of £3.170m on loan charges / interest received, mainly as a result of the Council's planned strategy not to undertake borrowing to finance capital investment during the year.

# MANAGEMENT COMMENTARY

## Financial Performance - continued

- Additional Council Tax receipts, compared to budget, of £4.105m, mainly as a result of additional properties on which tax can be levied, and a reduction in exemptions. A further saving of £0.812m compared to budget was achieved on the Council Tax Reduction Scheme (formerly Council Tax Benefit).
- The Council transferred a net sum of £0.723m to reserves during 2014/15. This includes monies returned from the equal pay provision, which have been set aside in the earmarked balance for contingency funding and workforce management, as shown in note 10.1.
- The surplus of £0.519m returned in 2014/15 was transferred to the Council Priorities Fund, which forms part of the earmarked proportion of the General Fund for contingency funding, as detailed in note 10.1.

## Principal Sources of Funding - General Fund

The principal sources of funding used by the Council during the year were:

	<b>£000</b>
Council Tax / Community Charge income (net of Council Tax Reduction Scheme)	212,976
General revenue funding	386,311
Distribution from non-domestic rates pool	<u>364,108</u>
Total	<u><u>963,395</u></u>

## Reconciliation to Amounts Reported for Resource Allocation Decisions

Note 32 to the Financial Statements shows the amounts reported for resource allocation decisions. The service income and expenditure shown in note 32 can be reconciled back to the total shown for General Fund services as follows:

	<b>Expenditure £000</b>	<b>Income £000</b>	<b>Net Expenditure £000</b>	<b>Budget £000</b>
Children and Families	415,268	(23,875)	391,393	391,393
Corporate Governance	120,889	(39,825)	81,064	81,529
Economic Development	17,589	(5,136)	12,453	12,479
Health and Social Care	285,275	(75,038)	210,237	204,359
Lothian and Borders Valuation Joint Board	3,745	0	3,745	3,745
Services for Communities	385,667	(248,352)	137,315	137,316
Net cost of housing benefits	229,642	(202,248)	27,394	29,580
Other non-departmental specific income and expenditure	15,293	2,486	17,779	16,271
	<u>1,473,368</u>	<u>(591,988)</u>	<u>881,380</u>	<u>876,672</u>
General Fund services (as shown on page 6)			855,595	
Council Tax Reduction Scheme (as shown on page 6)			<u>25,785</u>	
			<u><u>881,380</u></u>	

## Classification of Community Safety Expenditure

In accordance with guidance issued by LASAAC in December 2014, the Council has not reclassified Community Safety expenditure as Housing Services. The following figures which relate to Community Safety are included in Environmental Services within the Comprehensive Income and Expenditure Statement. Relevant expenditure relates to crime reduction (payments to Police Scotland) and CCTV costs.

	<b>2013/14 £000</b>	<b>2014/15 £000</b>
Relevant Community Safety expenditure included in Environmental Services	3,437	3,461

# MANAGEMENT COMMENTARY

## Financial Performance - continued

### Reserves - General Fund

The Council's General Fund reserves comprise two elements:

- The unallocated General Fund; and
- Balances earmarked for specific purposes.

The unallocated General Fund is held against the risk of unanticipated expenditure and/or reduced income arising in any particular year. The level on this reserve is reviewed annually by the Council as part of the revenue budget process. This review considers the level of balances held, the financial risks which could be realised and the arrangements in place to manage these.

The latest review was in February 2015, as part of the 2015-2016 budget setting process. The unallocated General Fund balance remains at £13.025m, which equates to 1.36% of the annual budgeted net expenditure. There were no planned contributions to the unallocated General Fund for 2014/15.

In addition, the Council has a further £104.289m of balances earmarked for specific purposes. Details can be seen in note 10 to the Financial Statements. These are held for a number of reasons:

- Balances set aside for specific financial risks which are likely to arise in the medium term future. Examples include monies earmarked for equal pay and the insurance fund. The Council holds £56.261m against these future risks.
- Balances set aside, primarily from grant income, due to timing differences between the receipt of the grant income and the planned expenditure thereof. The Council holds £38.705m of income which has been received in advance of planned expenditure.
- Balances set aside to enable the Council to undertake investment in specific projects which will deliver savings in future years. These savings are used, initially, to reimburse the earmarked balances. The Council holds £8.269m of balances for such projects.
- Balances held under the School Board Delegation Scheme (DSM), which permits balances on individual school budgets to be carried forward to the following financial year. The current balance is £1.054m.

In summary, the level of reserves at 31 March 2015, together with the forward strategy, are considered appropriate in view of the financial liabilities and risks likely to face the Council in the short to medium term.

### Housing Revenue Account

The Council has a statutory obligation to maintain a housing revenue account (HRA) which records all income and expenditure for the management of, and investment in, Council homes. All expenditure on homes let by the Council is funded through the rent and related service charges paid by its tenants.

The HRA Business plan supports delivery of the City Housing Strategy by:

- providing high quality housing services to tenants;
- improving the quality of existing homes to meet the Scottish Housing Quality Standard by 2015; and
- building new, energy efficient affordable homes to address the shortage of affordable housing in the city.

Since 2006/07, the HRA has been supported by a rent strategy of annual rent increases to ensure that there was a robust financial framework for delivering the capital investment required to meet the Scottish Housing Quality Standard by 2015. Throughout 2014/15 the Council consulted tenants on their priorities for future investment and rent levels to inform the rent strategy from 2015 onwards.

At the end of 2014/15, the HRA was balanced after making a contribution of £2.503m to the Renewal and Repairs Fund, via the General Fund. These funds are earmarked for future capital investment in new homes through 21st Century Homes and as a contingency to manage the impact of welfare reform. In line with the HRA business plan, an additional £6.1m of debt was paid off in-year.

HRA income pays for housing management services and repairs and maintenance. It also meets the cost of servicing borrowing required for capital investment. Feedback from Council tenants shows a high level of satisfaction with the housing and repairs services, the quality of their homes and the neighbourhoods they live in. Benchmarking shows these results put Edinburgh in the top three Scottish local authority landlords and are as good as, if not better than, the results of other similar sized social landlords across the UK.

# MANAGEMENT COMMENTARY

## Financial Performance - continued

### Housing Revenue Account - continued

The capital programme supports investment in current homes and funds the construction of new affordable homes. The capital programme is funded mainly through prudential borrowing; however capital receipts, capital funded from current revenue and grants (Home Energy Efficiency Programme Scotland) also contribute to capital investment.

Significant progress was made during 2014/15. The Council now complies with the requirements of the Scottish Housing Quality Standard (SHQS). Around 3,000 homes are currently classed as in abeyance, where tenants or neighbours have not agreed to participate in improvements works, these are being prioritised. Significant progress has also been made in delivering new homes through the 21st Century Homes programme. Over 800 new affordable homes are either under construction or in development and a further 400 affordable homes are planned.

The HRA Business Plan is managing emerging risks for future years by reducing revenue costs where possible and ensuring adequate contingency to manage these risks. Actions to manage risk include:

- Robust performance management and benchmarking to allow for comparisons of costs and performance with similar landlords;
- Build uncommitted contingency over coming years to ensure the HRA can react to and absorb short-term impacts on income reduction from welfare reform and support other unforeseen expenditure;
- Reducing the repairs budget, whilst maintaining performance to generate revenue savings;
- Repaying debt to generate revenue savings; and
- Increasing the provision for rent arrears and bad debt to manage the impact of welfare reform.

### Capital Expenditure

Capital expenditure is controlled through the Prudential Code that provides the framework for investing in infrastructure. In Scotland, local authorities are required by regulation to comply with the Prudential Code under Part 7 of the Local Government (Scotland) Act 2003. The key objectives of the Prudential Code are to ensure that capital plans are affordable, prudent and sustainable and that treasury decisions are taken in accordance with professional guidance and best practice.

In addition, capital plans must be consistent with, and support, local strategic planning, local asset management planning and proper option appraisal.

The outturn position for capital expenditure is summarised below:

	<b>Revised Budget 2014/15 £000</b>	<b>Actual 2014/15 £000</b>	<b>(Slippage) / Acceleration £000</b>
Capital expenditure			
General Fund services	141,735	150,827	9,092
Housing Revenue Account	43,132	37,309	(5,823)
<b>Total capital expenditure</b>	<b>184,867</b>	<b>188,136</b>	<b>3,269</b>
Capital receipts and other contributions			
- General Fund services	(29,066)	(32,863)	(3,797)
- Housing Revenue Account	(9,872)	(13,228)	(3,356)
Government and other grants			
- General Fund services	(86,949)	(86,989)	(40)
- Housing Revenue Account	(1,625)	(4,260)	(2,635)
<b>Total capital income</b>	<b>(127,512)</b>	<b>(137,340)</b>	<b>(9,828)</b>
Balance to be funded through borrowing			
- General Fund services	25,720	30,975	5,255
- Housing Revenue Account	31,635	19,821	(11,814)
<b>Total advances from loans fund</b>	<b>57,355</b>	<b>50,796</b>	<b>(6,559)</b>

Expenditure on General Fund services accelerated in total by £9.092m. Accelerated spend related mainly to asset management works projects across the Council estate. Expenditure on the Housing Revenue Account slipped by £5.823m.

# MANAGEMENT COMMENTARY

## Financial Performance - continued

### Capital Expenditure - continued

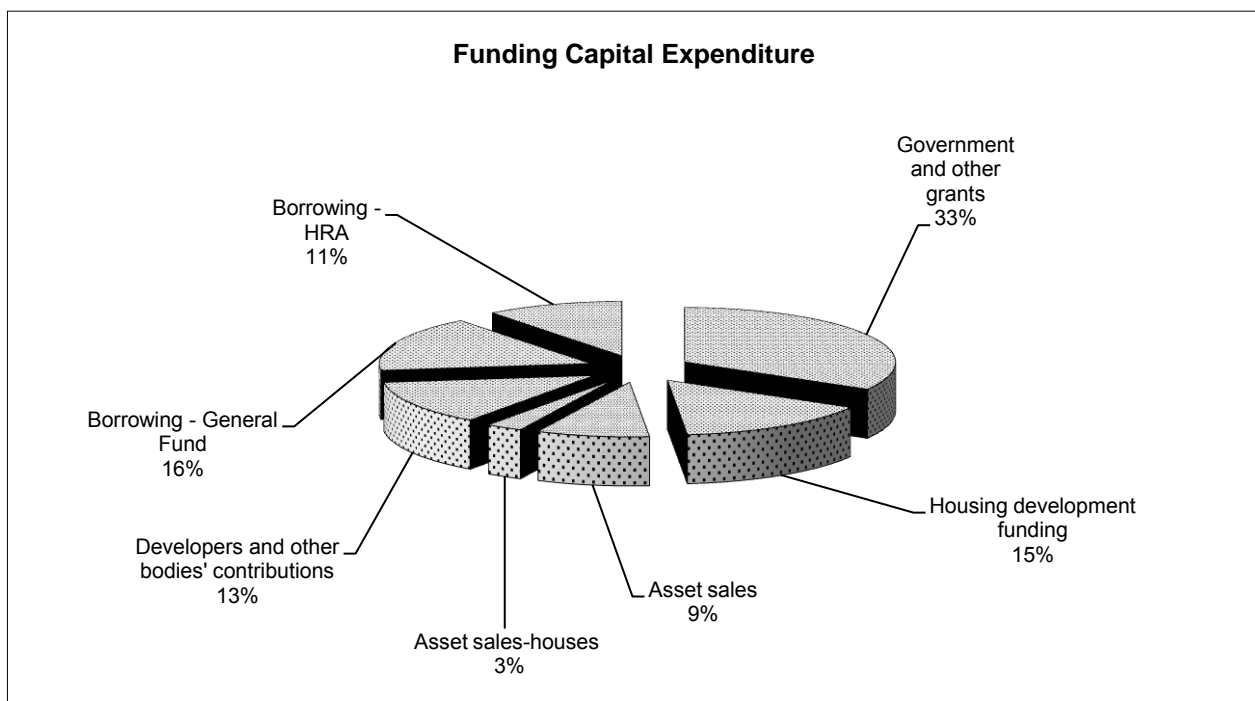
The Council received £57.675m of general capital grant. The support provided through general capital grant enables the Council to direct resources to its own priorities.

Capital expenditure for the year totalled £188.136m. Major capital projects undertaken during the year included:

- Investing in new council homes and enhancing existing assets through the Housing Revenue Account programme - £37.309m;
- Providing funding for homes for mid market rent from private developers through the National Housing Trust - £9.696m;
- Social housing through the housing development fund - £28.512m;
- Tram works, roads and other infrastructure - £34.867m;
- Health and Social Care establishments - £5.199m;
- Educational properties - £28.279m; and
- Recreational venues (including libraries, parks and open spaces) - £5.419m.

The economic climate has seen some improvement in the property market and this in turn has positively impacted on the Council's ability to raise income to fund capital projects through the sale of assets.

The chart below shows how the General Fund and HRA capital programmes were funded. As can be seen, 27% of the programme was funded through additional borrowing.



## Group Accounts

The Council's arm's-length companies have also been affected by the economic climate. A number of the companies are involved in the property market and have seen the values of their property portfolios decrease as a direct result of the current economic conditions. In June 2014 the Council agreed a restructuring of its property companies. Waterfront Edinburgh Ltd, Parc Craigmillar Ltd and Shawfair Land Ltd became wholly owned subsidiaries of the EDI Group Ltd to ensure that there is a coherent strategy across the companies and to improve corporate governance.

# MANAGEMENT COMMENTARY

## Financial Performance - continued

### Group Accounts - continued

Net assets for 2014/15 include a combined group pension liability of £748.313m, as shown in note 43.9. This reflects the inclusion of pension liabilities relating to Council, other employees, including subsidiary companies and the incorporation of Lothian and Borders Valuation Joint Board as an associate within the group. This exceeds the value of distributable reserves held by the Group. It should be noted that this is a snapshot of the position at 31 March 2015. The actuarial valuation, which takes a longer term view, will consider the appropriate employers' contribution rates and these, together with employee contributions and revenues generated from fund investments, will be utilised to meet the financing of these liabilities. It is therefore appropriate to adopt a going concern basis for the preparation of the group financial statements.

### Performance Overview

The Council's Best Value Audit report was published in May 2013 and recognised a range of improvements since the previous assessment in 2007, including good progress in improving outcomes for people and communities. In concluding that the Council's finances were well managed, the report nonetheless highlighted significant risks and uncertainties and, in light of these, the paramount importance of identifying savings that were both achievable and delivered. A follow-up audit was undertaken in summer 2014, with the Controller of Audit's findings reported to the Council in December.

These findings noted improvements in a number of frontline services that had been highlighted in the May 2013 report, as well as to the Council's wider governance arrangements, risk management and internal audit functions. Despite progress in these areas, the report noted with concern that a means of fully addressing the Council's savings gap remained to be found, as well as the continued lack of a comprehensive workforce strategy and shortcomings in information and communications technology arrangements. Since publication of the follow-up report, the Council has developed its transformation plan (building on work previously undertaken as part of the BOLD initiative) which, alongside a greater focus on prioritisation of key services, will address its overall savings requirements going forward. A workforce strategy was approved by the Finance and Resources Committee in March 2015, with work to secure, from April 2016, improvements to the Council's information and communications technology through service reprocurement also well-advanced.

Under Section (1) (1) (a) of the Local Government Act 1992, the Accounts Commission has a statutory power to define the performance information that councils must publish locally in the following financial year with a view to facilitating comparison over time within, and across, authorities. The approach adopted in recent years has been largely non-prescriptive, with councils encouraged to develop their own comprehensive performance data sets, building on the Scotland-wide Local Government Benchmarking Framework to promote performance improvement and the targeting of resources to areas of greatest impact.

Due to the time required for calculation, verification and publication of Scotland-wide figures, provisional 2014/15 data will not be available in sufficient time for inclusion in the unaudited or audited financial statements. An overview of the Council's 2013/14 performance against the sixty efficiency- and outcome-related indicators comprising the framework and other relevant indicators as they related to the Council's then five strategic themes has, however, been produced, as well as more detailed briefings on the framework's seven elements. These briefings analyse not only existing performance but, more importantly, consider areas for improvement and planned or proposed actions to address these.

Comprehensive detail of both Council-wide and service-specific performance is also available on the Council's website. Progress in delivering the Capital Coalition's pledges is furthermore reported to Council on a six-monthly basis.

# MANAGEMENT COMMENTARY

## Future Developments

The one notable exception to the overall balanced position in 2014/15 was Health and Social Care, where underlying demand-led pressures contributed to a significant overspend. Urgent action, including commissioning an external review of financial performance, has therefore been instructed with a view to returning the service to a sustainable position in advance of full integration with health services from April 2016. Reconciling increasing service demand with reducing resources more generally remains the Council's main short- to medium-term challenge in delivering its priority outcomes; while expenditure demands are expected to increase by around 15% by 2018/19, overall resources available through Government Grant funding, Non-Domestic Rates and Council Tax are forecast to remain broadly static over this period. As a result, it is estimated that the Council needs to save at least £107m over the five-year period to 2019/20. At the same time, councils are at the centre of a wider public service reform programme, not only in the area of welfare-related changes but also more fundamental structural transformation resulting, for example, from health and social care integration. There is therefore a need to go beyond incremental, efficiency-driven measures (although these are clearly still important) and consider more transformational options for service delivery whilst aligning available resources more closely to the Council's priority outcomes.

To this end, the Council has established a transformation programme, an overview of which was reported to the Corporate Policy and Strategy Committee on 12 May 2015. This programme is geared towards building a lean and agile organisation, centred on customers, services and communities, and underpinned by significant investment to deliver both service benefits and financial savings.

## Health and Social Work Integration

### The Public Bodies (Joint Working) (Scotland) Bill

The Public Bodies (Joint Working) (Scotland) Bill was given Royal Assent by the Public Bodies Act.

The Edinburgh Integration Scheme has been signed off by the Minister and the Order will be laid before the Scottish Parliament before the summer recess.

### Governance

Currently joint National Health Service (NHS) and CEC governance arrangements are the Edinburgh Partnership Board, Edinburgh Partnership Executive and the Health and Social Care Partnership.

Joint Boards chaired by senior officers have also been established below this level and there are a number of steering and project boards supporting Integration.

A pan-Lothian National Health Service Lothian Finance and Resources Group has been established, comprising S95 officers from Lothian councils and senior finance officers in NHS which will consider the financial framework of the new Integrated Joint Board.

### Programme

It is estimated that the new Health and Social Care Partnership will encompass a combined budget of around £400-500 million of which approximately £200 million is currently Council budget. This brings together existing budgets from the Health and Social Care Service in the Council as well as those from NHS Lothian's Community Health Partnership. These budgets will be delegated to the Integrated Joint Board for governance, planning and resourcing purposes. The Strategic (Commissioning) 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.

Work is progressing on the key steps required to establish the Integrated Joint Board to allow it to get ready for the delegation of functions and resources. This includes a variety of tasks agreed in the Scheme and development of the Strategic Plan.

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 and through the Corporate Programmes Office reporting procedure.

# STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

## The Authority's Responsibilities

The Authority is required:

- to make arrangements for the proper administration of its financial affairs, including group interests, and to secure that the proper officer of the authority has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this Authority, that officer is the Head of Finance.
- to manage its affairs to secure economic, efficient and effective use of its resources and safeguard its assets.
- ensure the Statement of Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003).
- approve the Statement of Accounts for signature.

## The Chief Financial Officer's responsibilities

The Chief Financial Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code).

In preparing this statement of accounts, the Head of Finance has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with legislation; and
- complied with the Local Authority Accounting Code (insofar as it is compatible with legislation), except where stated in the Policies and Notes to the Accounts.

The Head of Finance has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

## Statement of Accounts

The Statement of Accounts presents a true and fair view of the financial position of the Council and its Group at the reporting date, and the transactions of the Council and its Group for the year ended 31 March 2015.

HUGH DUNN, CPFA  
Head of Finance  
15 June 2015



## MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Council and its Group members. Reserves are analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation), most of which is already earmarked and other, unusable reserves. The surplus or deficit on the provision of services line shows the true economic cost of providing the Group's services, more details of which are shown in the Group Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund balance and the Housing Revenue Account for Council Tax setting and dwelling rent setting purposes. The net increase / decrease before transfers to earmarked reserves line shows the statutory General Fund and Housing Revenue Account balances before any discretionary transfers to or from earmarked reserves undertaken by the Council. Group reserves are shown as either usable or unusable reserves.

	<b>General Fund Balance £000</b>	<b>Housing Revenue Account Balance £000</b>	<b>Renewal and Repairs Fund £000</b>	<b>Capital Receipts Reserve £000</b>
<b>2014/15</b>				
Balance at 31 March 2014	123,309	0	21,936	0
Movement in reserves during 2014/15				
(Surplus) or deficit on the provision of services	(4,463)	17,476	0	0
Other Comprehensive Income and Expenditure	0	0	0	21,479
<b>Total Comprehensive Income and Expenditure</b>	<b>(4,463)</b>	<b>17,476</b>	<b>0</b>	<b>21,479</b>
Adjustments between accounting basis and funding basis under regulations (Note 9)	7,629	(14,973)	0	(21,479)
<b>Net (increase) / decrease before transfers to statutory reserves</b>	<b>3,166</b>	<b>2,503</b>	<b>0</b>	<b>0</b>
Transfer to / (from) other statutory reserves (Note 10.3)	(9,161)	(2,503)	12,868	0
Minority interest and other consolidation adjustments	0	0	0	0
(Increase) / decrease in year	(5,995)	0	12,868	0
<b>Balance at 31 March 2015</b>	<b>117,314</b>	<b>0</b>	<b>34,804</b>	<b>0</b>
	<b>Capital Grants Unapplied Account £000</b>	<b>Capital Fund £000</b>	<b>Council's Total Usable Reserves £000</b>	<b>Group Usable Reserves £000</b>
<b>2014/15</b>				
Balance at 31 March 2014	1,994	25,835	173,074	23,192
Movement in reserves during 2014/15				
(Surplus) or deficit on the provision of services	0	0	13,013	5,886
Other Comprehensive Income and Expenditure	0	11,298	32,777	(26,396)
<b>Total Comprehensive Income and Expenditure</b>	<b>0</b>	<b>11,298</b>	<b>45,790</b>	<b>(20,510)</b>
Adjustments between accounting basis and funding basis under regulations (Note 9)	2,355	0	(26,468)	307
<b>Net (increase) / decrease before transfers to statutory reserves</b>	<b>2,355</b>	<b>11,298</b>	<b>19,322</b>	<b>(20,203)</b>
Transfer to / (from) other statutory reserves (Note 10.3)	0	(1,206)	(2)	7,678
Minority interest and other consolidation adjustments	0	0	0	0
(Increase) / decrease in year	2,355	10,092	19,320	(12,525)
<b>Balance at 31 March 2015</b>	<b>4,349</b>	<b>35,927</b>	<b>192,394</b>	<b>10,667</b>

## MOVEMENT IN RESERVES STATEMENT

	Total Usable Reserves £000	Council's Unusable Reserves £000	Group Unusable Reserves £000	Total Reserves £000
<b>2014/15</b>				
Balance at 31 March 2014	196,266	1,612,466	108,949	1,917,681
Movement in reserves during 2014/15				
(Surplus) or deficit on the provision of services	18,899	0	0	18,899
Other Comprehensive Income and Expenditure	6,381	(185,180)	(1,859)	(180,658)
<b>Total Comprehensive Income and Expenditure</b>	25,280	(185,180)	(1,859)	(161,759)
Adjustments between accounting basis and funding basis under regulations (Note 9)	(26,161)	26,468	(307)	0
<b>Net (increase) / decrease before transfers to statutory reserves</b>	(881)	(158,712)	(2,166)	(161,759)
Transfer to / (from) other statutory reserves (Note 10.3)	7,676	2	(7,676)	2
Minority interest and other consolidation adjustments	0	0	0	0
(Increase) / decrease in year	6,795	(158,710)	(9,842)	(161,757)
<b>Balance at 31 March 2015</b>	<b>203,061</b>	<b>1,453,756</b>	<b>99,107</b>	<b>1,755,924</b>

	General Fund Balance £000	Housing Revenue Account Balance £000	Renewal and Repairs Fund £000	Capital Receipts Reserve £000
<b>2013/14 Comparative Data</b>				
Balance at 31 March 2013	105,996	0	30,748	0
Movement in reserves during 2013/14				
(Surplus) or deficit on the provision of services	(27,930)	(18,545)	0	0
Other Comprehensive Income and Expenditure	0	0	0	16,707
<b>Total Comprehensive Income and Expenditure</b>	(27,930)	(18,545)	0	16,707
Adjustments between accounting basis and funding basis under regulations (Note 9)	30,290	22,843	0	(16,707)
<b>Net (increase) / decrease before transfers to statutory reserves</b>	2,360	4,298	0	0
Transfer to / (from) other statutory reserves (Note 10.3)	14,953	(4,298)	(8,812)	0
Minority interest and other consolidation adjustments	0	0	0	0
(Increase) / decrease in year	17,313	0	(8,812)	0
<b>Balance at 31 March 2014</b>	<b>123,309</b>	<b>0</b>	<b>21,936</b>	<b>0</b>

## MOVEMENT IN RESERVES STATEMENT

	Capital Grants Unapplied Account £000	Capital Fund £000	Council's Total Usable Reserves £000	Restated Group Usable Reserves £000
<b>2013/14 Comparative Data</b>				
Balance at 31 March 2013	7,030	18,873	162,647	8,687
Movement in reserves during 2013/14				
(Surplus) or deficit on the provision of services	0	0	(46,475)	4,505
Other Comprehensive Income and Expenditure	0	8,805	25,512	17,894
<b>Total Comprehensive Income and Expenditure</b>	0	8,805	(20,963)	22,399
Adjustments between accounting basis and funding basis under regulations (Note 9)	(5,037)	0	31,389	252
<b>Net (increase) / decrease before transfers to statutory reserves</b>	(5,037)	8,805	10,426	22,651
Transfer to / (from) other statutory reserves (Note 10.3)	1	(1,843)	1	(8,146)
Minority interest and other consolidation adjustments	0	0	0	0
(Increase) / decrease in year	(5,036)	6,962	10,427	14,505
<b>Balance at 31 March 2014</b>	<b>1,994</b>	<b>25,835</b>	<b>173,074</b>	<b>23,192</b>

	Total Usable Reserves £000	Council's Unusable Reserves £000	Group Unusable Reserves £000	Total Reserves £000
<b>2013/14 Comparative Data</b>				
Balance at 31 March 2013	171,334	1,682,410	(1,306,506)	547,238
Movement in reserves during 2013/14				
Transfer of Police and Fire Services to central government	0	0	1,412,688	1,412,688
(Surplus) or deficit on the provision of services	(41,970)	0	0	(41,970)
Other Comprehensive Income and Expenditure	43,406	(38,554)	697	5,549
<b>Total Comprehensive Income and Expenditure</b>	1,436	(38,554)	1,413,385	1,376,267
Adjustments between accounting basis and funding basis under regulations (Note 9)	31,641	(31,389)	(252)	0
<b>Net (increase) / decrease before transfers to statutory reserves</b>	33,077	(69,943)	1,413,133	1,376,267
Transfer to / (from) other statutory reserves (Note 10.3)	(8,145)	(1)	8,146	0
Minority interest and other consolidation adjustments	0	0	(5,824)	(5,824)
(Increase) / decrease in year	24,932	(69,944)	1,415,455	1,370,443
<b>Balance at 31 March 2014</b>	<b>196,266</b>	<b>1,612,466</b>	<b>108,949</b>	<b>1,917,681</b>

## GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services for the Group in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Council raises taxation to cover its expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

for the year ended 31 March 2015

2013/14		Gross Expend.	Income	Net Expend.
£000	Notes	£000	£000	£000
	<b>SERVICES</b>			
343,151	Education Services	364,953	(24,502)	340,451
320,540	Social Work	396,772	(73,524)	323,248
1,265	Housing Revenue Account	72,694	(105,524)	(32,830)
36,415	Other Housing Services	298,722	(268,408)	30,314
51,537	Cultural and Related Services	65,738	(16,625)	49,113
70,753	Environmental Services	101,704	(29,414)	72,290
58,121	Roads and Transport	248,885	(185,186)	63,699
33,189	Planning and Development	69,007	(41,748)	27,259
11,540	Corporate and Democratic Core	13,823	(296)	13,527
18,820	Non-Distributed Costs	18,600	0	18,600
8,067	Services to the Public	25,950	(18,366)	7,584
204	Other Income and Expenditure	81,834	(71,794)	10,040
1,724	Associates and Joint Ventures Accounted for on an Equity Basis	23,144	(21,060)	2,084
<b>955,326</b>	<b>COST OF SERVICES</b>	<b>1,781,826</b>	<b>(856,447)</b>	<b>925,379</b>
4,221	Other Operating Expenditure			(4,807)
110,758	Financing and Investment Income and Exp.			91,300
(1,028,335)	Taxation and Non-Specific Grant Income			(1,030,771)
<b>41,970</b>	<b>SURPLUS ON PROVISION OF SERVICES</b>			<b>(18,899)</b>
(49,212)	Surplus on Revaluation of Non-Current Assets		(19,070)	
(25,871)	Return on assets excluding amounts incl. in Financing and Investment Inc / Exp		(204,649)	
86,492	Changes in Financial and Demographic Assumptions / Other Experience		361,397	
(16,958)	Other Unrealised (Gains) / Losses		42,980	
(5,549)	Other Comprehensive Income and Expend.			180,658
<b>36,421</b>	<b>TOTAL COMPREHENSIVE EXPENDITURE</b>			<b>161,759</b>

An analysis of minority interest shares in the Group Comprehensive Income and Expenditure Statement can be seen in note 7.1.

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing Council services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Council raises taxation to cover its expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

for the year ended 31 March 2015

2013/14			Gross Expend.	Income	Net Expend.
£000	SERVICES	Notes	£000	£000	£000
343,151	Education Services		364,953	(24,502)	340,451
320,540	Social Work		396,772	(73,524)	323,248
1,265	Housing Revenue Account		72,694	(105,524)	(32,830)
36,415	Other Housing Services		298,722	(268,408)	30,314
53,643	Cultural and Related Services		61,402	(10,532)	50,870
70,753	Environmental Services		101,704	(29,414)	72,290
68,636	Roads and Transport		123,819	(52,828)	70,991
33,962	Planning and Development		56,196	(23,501)	32,695
11,540	Corporate and Democratic Core		13,823	(296)	13,527
18,820	Non-Distributed Costs		18,600	0	18,600
8,067	Services to the Public		25,950	(18,366)	7,584
(3,636)	Other Income and Expenditure		76,456	(71,324)	5,132
963,156	<b>COST OF SERVICES</b>		<u>1,611,091</u>	<u>(678,219)</u>	932,872
3,652	Other Operating Expenditure	11.			(4,716)
109,910	Financing and Investment Income and Exp.	12.			91,625
(1,030,243)	Taxation and Non-Specific Grant Income	13.			(1,032,794)
46,475	<b>SURPLUS ON PROVISION OF SERVICES</b>				(13,013)
(49,212)	Surplus on Revaluation of Non-Current Assets			(19,070)	
(25,871)	Return on assets excluding amounts incl. in Financing and Investment Inc / Exp			(204,649)	
86,492	Changes in Financial and Demographic Assumptions / Other Experience			361,397	
1,633	Other Unrealised Losses			14,725	
13,042	Other Comprehensive Income and Expend.				152,403
59,517	<b>TOTAL COMPREHENSIVE EXPENDITURE</b>				<u>139,390</u>

### RECONCILIATION OF THE COUNCIL'S POSITION TO THE GROUP POSITION

£000		£000
59,517	Total Comprehensive (Income) and Expenditure on the Council's Comprehensive Income and Expenditure Statement (CIES)	139,390
(288)	Subsidiary and associate transactions included in the Council's CIES	829
(26,252)	(Surplus) / deficit arising from other entities included in the Group Accounts Subsidiaries	15,506
3,444	Associates	6,034
36,421	Group total Comprehensive Expenditure for the year	<u>161,759</u>

## GROUP BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Group. The net liability of the Group (assets less liabilities) represents the total net loss of the Group. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the Group may use to provide services. The second category of reserves is those that the Group is not able to use to provide services. This category of reserves include reserves that hold unrealised gains and losses (for example, the revaluation reserve) where amounts would only become available to provide services if the assets are sold.

<b>31 March 2014</b>		<b>31 March 2015</b>	
<b>£000</b>		<b>Notes</b>	<b>£000      £000</b>
3,292	Intangible Assets	16.	4,954
1,017,351	Council Dwellings		1,029,558
1,763,693	Other Land and Buildings		1,732,117
103,377	Vehicles, Plant, Furniture and Equipment		178,127
941,347	Infrastructure Assets		912,496
11,347	Community Assets		12,192
17,150	Surplus Assets		12,624
79,740	Assets under Construction		50,330
<u>3,934,005</u>	<b>Property, Plant and Equipment</b>	14.	3,927,444
2,415	Investment Properties	15.	16,304
30,391	Heritage Assets	17.	31,075
17,379	Assets Held for Sale	22.	21,179
821	Available for Sale Financial Assets		794
258	Deferred Tax		297
11,524	Other Long-Term Assets (Pension)		0
5,127	Long-Term Investments		11,377
37,845	Investments in Associates and Joint Ventures		33,771
95,766	Long-Term Debtors	20.	113,146
<u>4,138,823</u>	<b>Long-Term Assets</b>		<u>4,160,341</u>
4,586	Short-Term Investments		0
2,889	Assets Held for Sale	22.	8,503
17,220	Inventories	19.	12,057
123,600	Short-Term Debtors	20.	82,467
37,467	Cash and Cash Equivalents	21.	95,504
<u>185,762</u>	<b>Current Assets</b>		198,531
(57,994)	Short-Term Borrowing		(77,787)
(173,775)	Short-Term Creditors	23.	(169,845)
(4,977)	Capital Grants Received in Advance		(1,340)
(19,577)	Provisions	24.	(19,769)
<u>(256,323)</u>	<b>Current Liabilities</b>		(268,741)

## GROUP BALANCE SHEET

31 March 2014		31 March 2015		
£000		Notes	£000	£000
(1,393,140)	Long-Term Borrowing		(1,351,473)	
(205,184)	Other Long-Term Liabilities		(232,435)	
(9,547)	Deferred Tax		(3,467)	
(5,923)	Liabilities in Associates and Joint Ventures		(7,883)	
<u>(536,787)</u>	Other Long-Term Liabilities (Pensions)		<u>(738,949)</u>	
<u>(2,150,581)</u>	<b>Long-Term Liabilities</b>			<u>(2,334,207)</u>
<u><b>1,917,681</b></u>	<b>Net Assets</b>			<u><b>1,755,924</b></u>
918,790	Revaluation Reserve		911,395	
1,306,580	Capital Adjustment Account		1,339,227	
(51,049)	Financial Instruments Adjustment Account		(49,159)	
(535,498)	Pensions Reserve		(726,969)	
(26,357)	Employee Statutory Adjustment Account		(20,738)	
<u>108,949</u>	Group Unusable Reserves		<u>99,107</u>	
<u>1,721,415</u>	<b>Unusable Reserves</b>	26.		1,552,863
1,994	Capital Grants Unapplied Account		4,349	
25,835	Capital Fund		35,927	
21,936	Renewal and Repairs Fund		34,804	
123,309	General Fund		117,314	
<u>23,192</u>	Group Usable Reserves		<u>10,667</u>	
<u>196,266</u>	<b>Usable Reserves</b>	10.		<u>203,061</u>
<u><b>1,917,681</b></u>	<b>Total Reserves</b>			<u><b>1,755,924</b></u>

HUGH DUNN, CPFA  
Head of Finance  
15 June 2015

## BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example, the capital receipts reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves include reserves that hold unrealised gains and losses (for example, the revaluation reserve) where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'adjustments between accounting basis and funding basis under regulations'.

<b>31 March 2014 £000</b>		<b>Notes</b>	<b>31 March 2015 £000      £000</b>	
3,292	Intangible Assets	16.		4,954
1,017,351	Council Dwellings		1,029,558	
1,735,804	Other Land and Buildings		1,704,462	
35,755	Vehicles, Plant, Furniture and Equipment		104,027	
939,723	Infrastructure Assets		911,161	
11,347	Community Assets		12,192	
17,150	Surplus Assets		12,624	
<u>79,740</u>	Assets under Construction		<u>50,330</u>	
<u>3,836,870</u>	<b>Property, Plant and Equipment</b>	14.		3,824,354
2,215	Investment Properties	15.		16,104
30,391	Heritage Assets	17.		31,075
17,379	Assets Held for Sale	22.		21,179
23,335	Long-Term Investments			23,335
<u>99,266</u>	Long-Term Debtors	20.		<u>116,646</u>
<u>4,012,748</u>	<b>Long-Term Assets</b>			<u>4,037,647</u>
4,586	Short-Term Investments		0	
2,889	Assets Held for Sale	22.	8,503	
2,537	Inventories	19.	2,749	
113,602	Short-Term Debtors	20.	69,623	
<u>20,167</u>	Cash and Cash Equivalents	21.	<u>81,948</u>	
<u>143,781</u>	<b>Current Assets</b>			162,823
(57,994)	Short-Term Borrowing		(79,287)	
(151,613)	Short-Term Creditors	23.	(141,185)	
(4,977)	Capital Grants Received in Advance		(1,340)	
<u>(16,752)</u>	Provisions	24.	<u>(17,993)</u>	
<u>(231,336)</u>	<b>Current Liabilities</b>			(239,805)



## BALANCE SHEET

31 March 2014			31 March 2015	
£000		Notes	£000	£000
(1,403,784)	Long-Term Borrowing	18.	(1,360,607)	
(200,371)	Other Long-Term Liabilities	18.	(226,939)	
<u>(535,498)</u>	Other Long-Term Liabilities (Pensions)	43.3	<u>(726,969)</u>	
<u>(2,139,653)</u>	<b>Long-Term Liabilities</b>			<u>(2,314,515)</u>
<u><b>1,785,540</b></u>	<b>Net Assets</b>			<u><b>1,646,150</b></u>
918,790	Revaluation Reserve		911,395	
1,306,580	Capital Adjustment Account		1,339,227	
(51,049)	Financial Instruments Adjustment Account		(49,159)	
(535,498)	Pensions Reserve		(726,969)	
<u>(26,357)</u>	Employee Statutory Adjustment Account		<u>(20,738)</u>	
<u>1,612,466</u>	<b>Unusable Reserves</b>	26.		1,453,756
1,994	Capital Grants Unapplied Account		4,349	
25,835	Capital Fund		35,927	
21,936	Renewal and Repairs Fund		34,804	
<u>123,309</u>	General Fund		<u>117,314</u>	
<u>173,074</u>	<b>Usable Reserves</b>	10.		192,394
<u><b>1,785,540</b></u>	<b>Total Reserves</b>			<u><b>1,646,150</b></u>

HUGH DUNN, CPFA  
 Head of Finance  
 15 June 2015

## GROUP CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Group during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Group are funded by way of taxation and grant income or from the recipients of services provided by the Group. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Group's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Group.

### Year ended 31 March 2015

2013/14 £000		Notes	£000	£000
	<b>Operating Activities</b>			
(212,792)	Taxation		(216,370)	
(1,061,122)	Grants		(1,074,651)	
(86,695)	Housing rents		(90,335)	
(512,828)	Sales of goods and rendering of services		(544,389)	
<u>(4,871)</u>	Interest and investment income received		<u>(11,680)</u>	
(1,878,308)	Cash inflows from operating activities			(1,937,425)
616,610	Cash paid to and on behalf of employees		647,532	
200,368	Housing benefits paid out		202,498	
746,226	Cash paid to suppliers of goods and services		750,977	
2,582	Taxation paid		3,546	
<u>96,806</u>	Interest paid		<u>96,112</u>	
<u>1,662,592</u>	Cash outflows from operating activities			<u>1,700,665</u>
(215,716)	Net cash flows from operating activities			(236,760)
	<b>Investing Activities</b>			
241,291	Net cash flows from investing activities	28.		182,878
	<b>Financing Activities</b>			
<u>31,490</u>	Net cash flows from financing activities	29.		<u>(4,155)</u>
<u>57,065</u>	Net decrease / (increase) in cash and cash equivalents			<u>(58,037)</u>
<u>(94,532)</u>	Cash and cash equivalents at 1 April			<u>(37,467)</u>
<u>(37,467)</u>	Cash and cash equivalents at 31 March	21.		<u>(95,504)</u>

## CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

### Year ended 31 March 2015

2013/14 £000		Notes	£000	£000
	<b>Operating Activities</b>			
(211,614)	Taxation		(216,284)	
(1,061,122)	Grants		(1,074,652)	
(86,695)	Housing rents		(90,335)	
(370,204)	Sales of goods and rendering of services		(387,583)	
(4,651)	Interest and investment income received		(11,450)	
(1,734,286)	Cash inflows from operating activities			(1,780,304)
540,639	Cash paid to and on behalf of employees		571,736	
200,368	Housing benefits paid out		202,498	
696,889	Cash paid to suppliers of goods and services		695,572	
96,313	Interest paid		95,646	
1,534,209	Cash outflows from operating activities			1,565,452
(200,077)	Net cash flows from operating activities			(214,852)
	<b>Investing Activities</b>			
228,620	Net cash flows from investing activities	28.		159,001
	<b>Financing Activities</b>			
28,993	Net cash flows from financing activities	29.		(5,930)
57,536	Net decrease / (increase) in cash and cash equivalents			(61,781)
(77,703)	Cash and cash equivalents at 1 April			(20,167)
(20,167)	Cash and cash equivalents at 31 March	21.		(81,948)

# NOTES TO THE FINANCIAL STATEMENTS

## 1. Accounting Policies

The Annual Accounts for the year ended 31 March 2015 have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (the Code) and the Service Reporting Code of Practice. This is to ensure that the accounts 'present a true and fair view' of the financial position and transactions of the Council.

### 1.1 Accruals of Income and Expenditure

- The revenue and capital accounts have been prepared on an accruals basis in accordance with the Code of Practice.
- Provision has been made in the relevant accounts for bad and doubtful debts.

### 1.2 Debt Redemption

- The Council operates a consolidated loans fund under the terms of the Local Government (Scotland) Act 1975. Capital payments made by services are financed from the loans fund and repaid on an annuity basis.
- Gains or losses arising on the repurchase or early settlement of borrowing are recognised in the Comprehensive Income and Expenditure Statement in the period during which the repurchase or early settlement is made. Where the repurchase of borrowing is taken with a refinancing or restructuring option, gains or losses are recognised over the life of the replacement borrowing.

### 1.3 Cash and Cash Equivalents

Cash and cash equivalents includes:

- credit and debit funds held in banks; and
- investments maturing within three months of the Balance Sheet date in respect of the Council and two months of the Balance Sheet date in respect of other Group members.

### 1.4 Contingent Assets and Liabilities

Contingent assets are not recognised in the accounting statements. Where there is a probable inflow of economic benefits or service potential, this is disclosed in the notes to the financial statements.

Contingent liabilities are not recognised in the accounting statements. Where there is a possible obligation that may require a payment or transfer of economic benefit, this is disclosed in the notes to the financial statements.

### 1.5 Provisions

The value of provisions is based upon the Council's obligations arising from past events, the probability that a transfer of economic benefit will take place and a reasonable estimate of the obligation.

### 1.6 Employee Benefits

#### • Accruals of Holiday Leave

'Cost of services' within the Comprehensive Income and Expenditure Statement includes a charge for annual leave to which employees are entitled, but have not taken, as at the Balance Sheet date.

The Council is not required to raise Council Tax to cover the cost of accrued annual leave. These costs are a reconciling item in the Movement in Reserves Statement for the General Fund and Housing Revenue Account balances by way of an adjusting transaction with the employee statutory adjustment account.

#### • Pensions

The Council participates in two different pension schemes which meet the needs of employees in particular services. Both the schemes provide members with defined benefits related to pay and service. The schemes are as follows:

##### • Teachers

This is an unfunded scheme administered by the Scottish Public Pensions Agency. The pension cost charged in the accounts is the contribution rate set on the basis of a notional fund.

##### • Other Employees

Other employees, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme (LGPS). The LGPS is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998, as amended.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. Accounting Policies - continued

### 1.6 Employee Benefits - continued

- Pensions - continued
- Other Employees - continued

The Financial Statements have been prepared including pension costs as determined under International Accounting Standard 19 - Employee Benefits (IAS19). The cost of services includes expenditure equivalent to the amount of retirement benefits the Council has committed to during the year. The interest cost on defined benefit obligation and interest income on plan assets have been charged / credited to 'financing and investment income' in the Comprehensive Income and Expenditure Statement.

The pension costs charged to the Comprehensive Income and Expenditure Statement in respect of employees are not equal to contributions paid to the funded scheme for employees. The amount by which pension costs under IAS19 are different from the contributions due under the pension scheme regulations is disclosed in the Movement in Reserves Statement for the General Fund and Housing Revenue Account.

Pension assets have been valued at bid value (purchase price), as required under IAS19.

Under pension regulations, contribution rates are set to meet 100% of the overall liabilities of the Fund.

### 1.7 Financial Instruments

- Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement (CIES) is the amount payable for the year in the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to surplus or deficit on provision of services in the Comprehensive Income and Expenditure Statement in the year of repurchase / settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discounts is respectively deducted from or added to the amortised cost of the new loan and the write-down to the CIES is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain / loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the CIES to the net charge against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement for the General Fund Balance.

- Financial Assets

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

However, the Council may make loans to related parties at less than market rates (soft loans). When soft loans are made, a loss is recorded in the CIES for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited at a marginally higher effective rate of interest than the rate receivable from the related party, with the difference serving to increase the amortised cost of the loan in the Balance Sheet.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. Accounting Policies - continued

### 1.7 Financial Instruments - continued

#### • Financial Assets - continued

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure Statement.

Any gains and losses that arise on the de-recognition of the asset are credited / debited to the Comprehensive Income and Expenditure Statement.

Surplus funds on behalf of the Council and associated bodies and cash monies of Lothian Pension Funds are now managed by the Council under a formal management agreement in a pooled investment arrangement. While the monies continue to be shown as investments in Lothian Pension Funds' accounts, they are no longer shown as both liabilities and investments in the Council's accounts.

#### • Available-for-Sale-Financial Instruments

The Council has a significant financial interest in several companies and trusts which have been set up for specific purposes. Details of these appear in note 7 to the Financial Statements. These financial interests have been assessed under the requirements of FRS26 Financial Instruments: Measurement.

The Council's investments in Lothian Buses Limited, CEC Holdings Limited and CEC Recovery Limited (formerly tie Limited) have been assessed as outwith the scope of FRS26.

Unless otherwise stated, the accounts of these companies may be obtained on application to the Head of Finance, Waverley Court, 4 East Market Street, Edinburgh EH8 8BG.

### 1.8 Government and non-Government Grants and Contributions

#### • Revenue

Revenue grants and contributions have been included in the financial statements on an accruals basis.

Where such funds remain unapplied at the Balance Sheet date, but approval has been given to carry these funds forward to the next financial year, these amounts have been set aside in the General Fund.

#### • Capital

Capital grants and contributions are recognised in the Comprehensive Income and Expenditure Statement except to the extent there are conditions attached to them that have not been met.

Where there are no conditions attached to capital grants and contributions, these funds are a reconciling item in the Movement in Reserves Statement for the General Fund and Housing Revenue Account by way of an adjusting transaction with the capital adjustment account, where expenditure has been incurred and the unapplied capital grants account where expenditure has not been incurred.

Where there are outstanding conditions attached to capital grants and contributions that have not been met at the Balance Sheet date, the grant or contribution will be recognised as part of capital grants receipts in advance. Once the condition has been met, the grant or contribution will be transferred from capital grants received in advance and recognised as income in the Comprehensive Income and Expenditure Statement, as above.

### 1.9 Intangible Assets

Intangible fixed assets represent software licences purchased by the Council.

#### • Recognition

Expenditure on the acquisition, creation or enhancement of intangible fixed assets has been capitalised on an accruals basis.

#### • Measurement

Intangible fixed assets are initially measured at cost.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. Accounting Policies - continued

### 1.9 Intangible Assets - continued

- **Depreciation**

Software licences are depreciated over the period of the licence, commencing in the year after acquisition.

### 1.10 Inventories

Inventories are measured at the lower of cost and net realisable value.

Inventories acquired through a non-exchange transaction are measured at their fair value as at the date of acquisition.

Inventories held for distribution at no charge or a nominal charge are measured at the lower of cost and current replacement cost.

### 1.11 Investment Properties

- **Measurement**

Investment properties are initially measured at cost. After initial recognition, investment properties are measured at fair value.

Any gains or losses arising from a change in the fair value of investment properties are recognised in the Comprehensive Income and Expenditure Statement for the period in which they arise.

- **Revaluation**

Investment properties are revalued annually.

- **Depreciation**

Investment properties held at fair value are not depreciated.

- **De-recognition**

Investment properties are de-recognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential is expected from its disposal.

The gain or loss arising from the retirement or disposal of an investment property is recognised in the 'surplus or deficit on provision of services' within the Comprehensive Income and Expenditure Statement in the period of the retirement or disposal.

### 1.12 Leases

- **Finance Leases**

Finance leases, which have substantially transferred to the authority the benefits and risks of ownership of a non-current asset, are treated as if the asset had been purchased outright.

- **Leased-in Assets**

Assets acquired under finance leases are included in non-current assets at the lower of the fair value or the present value of the minimum lease payments. The capital element of the lease is included as obligations under finance leases / creditors.

- **Operating Leases**

Leases that do not meet the definition of a finance lease are accounted for as operating leases.

- **Leased-in Assets**

Rental payments, net of benefits received, under operating leases are charged to the relevant service on a straight line basis over the life of the lease.

- **Leased-out Assets**

Rental income received under operating leases is credited to the relevant service in accordance with the terms specified in the lease agreement.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. Accounting Policies - continued

### 1.12 Leases - continued

- **Finance Leases - continued**

- **Leased-in Assets - continued**

The lease rentals comprise capital and interest elements. The capital element is applied to reduce the outstanding obligation and the interest element is charged to revenue on a straight line basis over the terms of the lease.

### 1.13 Current and Non-Current Assets Held for Sale

Current assets held for sale are assets that the Council has identified as surplus to requirement, are being actively marketed and it is expected that the sale will be realised within twelve months of the Balance Sheet date.

Non-current assets held for sale are assets that the Council has identified as surplus to requirement, are being actively marketed, but it is not expected that the sale will be realised within twelve months of the Balance Sheet date.

- **Measurement**

Assets held for sale are measured at the lower of carrying value and fair value less costs to sell at the Balance Sheet date. Where the sale is expected to occur in more than twelve months, the cost is measured at present value.

- **Depreciation**

Current and non-current assets held for sale are not depreciated.

### 1.14 Overheads

The costs of support services are allocated to direct services. The allocations are made on a basis appropriate to the service provided, in order to match costs to service usage. Certain support service costs are recovered through direct charges during the year.

### 1.15 Public Private Partnership - School Buildings, Maintenance and Other Facilities

Public Private Partnership (PPP) contracts are agreements to receive services, where the responsibility for making available the non-current assets required to provide the services passes to the PPP contractor. As the Council is deemed to control the services that are provided under this scheme and as ownership of the schools and other facilities will pass to the Council at the end of the contracts for no additional charge, the Council carries the non-current assets used under the contracts on its Balance Sheet.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as other assets owned by the Council.

The amounts payable to the PPP operators each year are analysed into five elements:

- fair value of the services received during the year - debited to education services in the Comprehensive Income and Expenditure Statement.
- finance cost - an interest charge of 7.35% (PPP1 scheme) and 5.004% (PPP2 scheme) on the outstanding balance sheet liability - debited to 'financing and investment income' in the Comprehensive Income and Expenditure Statement.
- contingent rent - increases in the amount to be paid for the property arising during the contract - debited to 'financing and investment income' in the Comprehensive Income and Expenditure Statement.
- payment towards liability - applied to write down the value of the finance lease on the Balance Sheet.
- lifecycle replacement costs - recognised as non-current assets on the Balance Sheet.



# NOTES TO THE FINANCIAL STATEMENTS

## 1. Accounting Policies - continued

### 1.16 Property, Plant and Equipment

#### • Categories of Assets

Property, plant and equipment is categorised into the following classes:

Council dwellings	Other land and buildings
Vehicles, plant, furniture and equipment	Infrastructure assets, e.g. roads and footways
Community assets, e.g. parks	Assets under construction
Surplus assets (assets that are surplus to requirements, but there are no clear plans to sell these at the current time.)	

#### • Recognition

Expenditure on the acquisition, creation or enhancement of non-current assets has been capitalised on an accruals basis. Expenditure lower than £6,000 on individual assets is charged to revenue.

#### • Measurement

Infrastructure, community assets and assets under construction are measured at historical cost.

All other classes of property, plant and equipment are measured at fair value.

- Other land and buildings - fair value is the amount that would be paid for the assets in its existing use.
- Council dwellings - fair value is measured at existing use value - social housing.
- Vehicles, plant, furniture and equipment - fair value is the amount equivalent to depreciated historical cost for short life and/or low values assets. For assets with longer lives and/or high values, fair value is the amount that would be paid for the asset in its existing use or depreciated replacement cost for specialised /rarely sold assets where insufficient market-based evidence exists.

#### • Depreciation

Depreciation is provided on all property, plant and equipment, other than freehold land, community assets and assets under construction.

The Council does not depreciate its non-current assets in the year of acquisition. The Council operates a five-year rolling revaluation programme for assets and provides for depreciation on a straight line basis on the opening book value over the remaining useful life of the asset. Thus the charge to the Comprehensive Income and Expenditure Statement for the year is not impacted by changes in asset value during the year arising from either revaluation or enhancements.

Component accounting is applied as part of the revaluation process. As a result, where a building asset is split down into further components for the first time in year, the depreciation charge is based on the opening book value over the opening remaining useful life of the asset rather than subsequent component values and associated lives. The difference is not considered material.

#### • Charges to Revenue for use of Non-Current Assets

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the real cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service.
- impairment losses attributable to the clear consumption of economic benefits on property, plant and equipment used by the service and other losses where there are no accumulated gains in the Revaluation Reserve against which they can be written off.

The Council is not required to raise council tax to cover depreciation or impairment losses.

Depreciation and impairment losses are therefore a reconciling item in the Movement in Reserves Statement for the General Fund and Housing Revenue Account by way of an adjusting transaction with the capital adjustment account.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. Accounting Policies - continued

### 1.16 Property, Plant and Equipment - continued

- **Revaluations**

Where assets are included in the Balance Sheet at fair value, revaluations are carried out at intervals of no more than five years. The Council operates a rolling programme for revaluations. The determination of fair value of land and buildings is undertaken by the Council's Estate Manager (Corporate Property).

- **De-recognition**

An asset is de-recognised either on its disposal, or where no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from de-recognition of an asset is included in 'surplus or deficit on the provision of services' within the Comprehensive Income and Expenditure Statement when the asset is de-recognised.

The gain or loss on de-recognition of property, plant and equipment assets is a reconciling item in the Movement in Reserves Statement for the General Fund and Housing Revenue Account.

- **Components**

Component accounting is applied to all assets that comprise land and buildings. Land and buildings are treated as separate components of an asset and accounted for separately.

The building component of an asset is separated into further components primarily to those with a carrying value of over £5 million approximately. This policy is also applied to buildings with a carrying value of less than £5 million where enhancement expenditure is considered significant in relation to the overall carrying value of the building component.

Where it is necessary to break a building down into further components, the following categories are applied:

- Structural - includes external and internal walls, traditional roofing, doors, etc.
- Non traditional roofing - includes flat roof, non-traditional roof coverings and industrial type roofs.
- Finishes - includes doors, windows and room finishes.
- Mechanical and electrical services - includes water, heat, ventilation, electrical, lifts, fire and communications.
- Fittings and furnishings - includes fittings, furnishings and sanitary appliances.

### 1.17 Heritage Assets

- **Categories of Assets**

Heritage assets comprise the following:

Monuments and statues	Civic regalia and artefacts
Archival collections	Libraries special collections
Museum and gallery collections	

Intangible heritage assets represent three private vehicle registration plates.

It has not been practical or possible to split out all heritage assets belonging to the common good fund, charities or trusts. Therefore, the Council's Balance Sheet may hold elements of heritage assets that belong to other entities.

- **Recognition**

Expenditure on the acquisition, creation or enhancement of heritage assets has been capitalised on an accruals basis.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. Accounting Policies - continued

### 1.17 Heritage assets - continued

#### • Measurement

Heritage asset valuations may be made by any method that is appropriate and relevant. Furthermore valuations need not be carried out by external valuers and there is no prescribed minimum period between valuations.

The following measurement bases have been applied to heritage assets based on the most relevant and appropriate information available. This is set in the context where it is not practicable to obtain up to date valuations for all heritage assets at a cost which is commensurate with the benefits to users of the Council's financial statements.

- |                                       |  |
|---------------------------------------|--|
| • Monuments and statues               | Historic value   |
| • Civic regalia and artefacts         | Insurance purposes valuation   |
| • Archival collections                | Insurance purposes valuation, based on restoration costs only  |
| • Libraries special collections       | Insurance purposes valuation   |
| • Museum and gallery collections      | Insurance purposes valuation   |
| • Private vehicle registration plates | Cost or current value information is not readily available, therefore these assets have not been recognised on the Council's Balance Sheet |

#### • Depreciation

Heritage assets are deemed to have indeterminate lives and a high residual value; hence it is not considered appropriate to charge depreciation.

### 1.18 Reserves

Reserves held on the Balance Sheet are classified as either usable or unusable reserves.

Usable reserves hold monies that can be applied to fund expenditure or reduce Council Tax. Unusable reserves cannot be applied to fund expenditure.

#### • Usable Reserves

The Council operates the following usable reserves:

- Capital receipts reserve - this represents capital receipts available to finance capital expenditure in future years.
- Capital grants unapplied account - holds capital grants and contributions that have been received towards specific works that have yet to be completed.
- Capital fund - under Schedule 3 of the Local Government (Scotland) Act 1975, certain receipts derived from the sale of property may also be used to create a capital fund "to be used for defraying any expenditure of the authority to which capital is properly applicable, or in providing money for repayment of the principal of loans".
- Renewal and repairs fund - holds monies set aside for the renewal and repair of Council property. This fund is operated under the terms of Schedule 3 to the Local Government (Scotland) Act 1975.
- General Fund - held to mitigate financial consequences of risks and other events impacting on the Council's resources. Monies within the General Fund can be earmarked for specific purposes.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. Accounting Policies - continued

### 1.18 Reserves - continued

#### ● Unusable Reserves

The Council operates the following unusable reserves:

- Revaluation reserve - holds unrealised gains arising since 1 April 2007 from holding non-current assets.
- Capital adjustment account - provides a mechanism between the different rates at which assets are depreciated and are financed through the capital controls system.
- Financial instruments adjustment account - provides a mechanism between the different rates at which gains and losses (such as premiums on the early repayment of debt) are recognised under the Code and are required by statute to be met from the General Fund.
- Pension reserve - represents the net monies which the Council requires to meet its pension liability, as calculated under IAS19, Employee Benefits. The Council operates a pensions reserve fund under the terms of the Local Government Pension Reserve Fund (Scotland) Regulations 2003.
- Employee statutory adjustment account - represents the net monies which the Council requires to meet its short-term compensated absences for employees under IAS19.

### 1.19 Revenue Expenditure Funded from Capital Under Statute

Expenditure that may be capitalised under statutory provisions that does not result in the creation of assets for the Council has been charged to the 'net cost of services' in the Comprehensive Income and Expenditure Statement.

These costs are a reconciling item in the Movement in Reserves Statement for the General Fund by way of an adjusting transaction with the capital adjustment account.

### 1.20 Value Added Tax

Value added tax (VAT) is excluded from the financial statements unless it is not recoverable from HM Revenue and Customs.

### 1.21 Group Account Consolidation

Group accounts have been prepared on the following basis:

- Accounting policies for group members have been aligned where possible.
- The following methods of consolidation have been used:
  - Subsidiaries - line-by-line basis;
  - Associates - equity method.
- Transport for Edinburgh Limited's and CEC Holdings Limited's reporting periods are to 31 December. As this is within three months of the Council's reporting period (to 31 March), no consolidation adjustments have been made.
- Inter-company transactions have been eliminated on consolidation.
- Minority interests have been disclosed separately within the Group Balance Sheet and in Note 7.1 to the Financial Statements.
- Group members' financial statements have been prepared on an accruals basis, with the exception of the International Conference Centre Income Trust and International Conference Centre Expenditure Trust, which have been prepared on a cash basis.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. Accounting Standards that have been Issued but not yet adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2015/16 Code:

- IFRS 13 Fair Value Measurement
- IFRIC 21 Levies
- Annual Improvements to IFRS 2011-2013 Cycle

The Code requires implementation from 1 April 2015 and there is therefore no impact on the 2014/15 financial statements.

IFRS 13 changes relate to improved consistency in fair value measurements and disclosures. IFRIC 21 provides guidance on government levies. IFRS improvements are generally minor, principally providing clarification. Overall, these new or amended standards are not expected to have a significant impact on the financial statements.

### 3. Judgements Made in Applying Accounting Policies

In applying the accounting policies set out in Note 1 to the Financial Statements, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The most significant judgements made in these Financial Statements are detailed below:

#### 3.1 Provision of School Buildings

The Council is deemed to control the services provided under the Public Private Partnership agreements (PPP1 and PPP2) for the provision of school buildings, maintenance and other facilities with Edinburgh Schools Partnership (PPP1) and Axiom Education Limited (PPP2).

The accounting policies for public private partnerships have been applied to these arrangements and the schools (valued at net book value of £557.310m at 31 March 2015) are recognised as Property, Plant and Equipment on the Council's Balance Sheet.

#### 3.2 Group Membership

The Council has an interest in a number of subsidiary and associate companies and trusts. Full details of these interests are shown in note 7 to the Financial Statements. The most significant of these companies in terms of the size of trading operations and other factors are included in the Group Accounts.

### 4. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Financial Statements contain estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

## NOTES TO THE FINANCIAL STATEMENTS

### 4. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The following table details uncertainties on assumptions and estimates, and outlines the potential effect if actual results differ from the assumptions made.

Item	Uncertainty	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. A reduction in spending on repairs and maintenance would bring into doubt the useful lives assigned to the assets.	If the useful life of assets is reduced, depreciation increases and the carrying value of the assets falls.  It is estimated that the annual depreciation charge would increase and the carrying value would fall by £13.071m for each year that useful lives were reduced.
Long-Term Contracts	The Council's approved budget provides for inflationary uplifts on long-term contracts.	If inflation were to increase by 1%, this would result in an additional cost of £0.453m per annum.
Provisions	The Council has made a provision of £2.645m in respect of the remainder of anticipated equal pay settlements. This is based on the number of potential claimants and assumes similar settlement terms to those achieved previously. There is uncertainty surrounding both of these assumptions.	Should the settlement values increase by 10% this would have the effect of adding £0.265m to the provision required.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured.
Arrears	At 31 March, the Council had a balance of sundry debtors of £37.522m. A review of significant balances suggested that an impairment of doubtful debts of £6.824m (18%) was appropriate. In the current economic climate it is not certain that this will be sufficient.	If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £6.824m to be set aside as an allowance.
Arrears	In addition, the Council has a further debtor of £6.742m in respect of unbilled works on statutory notices. A review of these suggested that an impairment of doubtful debts of £3.551m was appropriate.	If the Council was unable to recover a further 10% of this amount, it would require to set an additional £0.674m aside as an allowance.
VAT Recovery Status	The Council's accounts are prepared on the assumption that VAT charged on its purchases is fully recoverable and that it will not become partially exempt.	If the Council were to exceed its 5% de minimis level, a minimum repayment of £3.907m would be due to HM Revenue and Customs.

## NOTES TO THE FINANCIAL STATEMENTS

### 4. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty - continued

Item	Uncertainty	Effect if Actual Results Differ from Assumptions
Council Tax Arrears	The Council makes an assumption on the level of Council Tax that will be collected over a number of years. The Council currently assumes that 96.64% of Council Tax will be collected. An impairment for doubtful debts of £8.282m has been provided for. In the current economic climate it is not certain that this would be sufficient.	If collection rates were to deteriorate by 1%, the amount to be impaired would require an additional £2.481m to be set aside as an allowance.
House Rent Arrears	At 31 March, the Council had a balance of housing rent arrears of £4.327m. A review of significant balances suggested that an impairment of doubtful debts of £4.326m (99%) was appropriate. In the current economic climate it is not certain that this will be sufficient.	Whilst there has been a significant increase in arrears and the impairment set aside, the decision by the UK Government to devolve the control of discretionary housing payments to the Scottish Government means that more help may be available for under-occupancy arrears than initially expected.
Council Dwellings - Housing Stock	Council dwellings are valued using the Beacon Method which aggregates the vacant possession values of each unit of housing stock. The beacon discount factor is determined by applying a capitalisation yield to the gross rental income and comparing this to the aggregate value. This methodology takes account of regional variations in capital values, stock condition, rent arrears and voids. The discount factor applied is 48%.	If the discount factor is increased by 1%, this would lead to a corresponding reduction in the total value of council dwellings of £19.484m.  If the discount factor is reduced by 1%, this would lead to a corresponding increase in the total value of council dwellings of £19.484m.

This list does not include assets and liabilities that are carried at fair value based on recently observed market prices.

### 5. Material Items of Income and Expense

The Council used £1.336m of the provision previously set aside for equal pay to offset costs arising during the year. The effect of this decrease is included within 'Other Income and Expenditure' in the Comprehensive Income and Expenditure Statement.

In February 2015 the Scottish Parliament passed the Community Charge Debt (Scotland) Act 2015 bringing to an end the collection of Community Charge debts. The Council wrote off £73m of Community Charge debtors during the year, on the basis of this Bill. A bad debt provision for the full amount of outstanding Community Charge debtors had already been made in the Financial Statements therefore this has been fully drawn down. The effect of this is included in the Comprehensive Income and Expenditure Statement.

### 6. Events After the Balance Sheet Date

There are no current events after the Balance Sheet Date that require to be disclosed.

## NOTES TO THE FINANCIAL STATEMENTS

### 7. Subsidiaries and Associates

The Council holds shares in various trading companies, either as a controlling or minority shareholder.

The Council is also represented on the Boards of various companies that are limited by guarantee and have no share capital. It participates in these companies by means of Board membership and the provision of funding and management support.

The following entities have a significant impact on the Council's operations and have been consolidated into the Group Accounts:

<b>Subsidiaries:</b>	<b>Shareholding</b>	
• CEC Holdings Limited	100.00%	
• Transport for Edinburgh Limited	100.00%	
<b>Associates:</b>		
• Edinburgh Leisure	33.33%	Board representation
• Festival City Theatres Trust	33.33%	Board representation
• Lothian Valuation Joint Board	61.22%	Funding percentage
• Common Good	100.00%	

#### **Trusts:**

- International Conference Centre Income Trust
- International Conference Centre Expenditure Trust

The following companies are not consolidated into the Group Accounts. An assessment has been carried out on these companies, their activities and the level of Council control. These companies are not considered to be a material part of the Group and have therefore been excluded from the Group Accounts:

	<b>Shareholding</b>
• Capital City Partnership Limited	100.00%
• CEC Recovery Limited (formerly tie Limited)	100.00%
• Marketing Edinburgh Limited	100.00%

Unless otherwise stated, the accounts of the companies may be obtained on application to the Head of Finance, Waverley Court, 4 East Market Street, Edinburgh EH8 8BG.

### 7.1 Analysis of Minority Interest Shares in the Group Comprehensive Income and Expenditure Statement

<b>Attributable shares of income and expenditure 2014/15</b>	<b>Authority £000</b>	<b>Minority Interests £000</b>	<b>Total £000</b>
(Surplus) or Deficit on the Provision of Services	(18,899)	0	(18,899)
Other Comprehensive Income and Expenditure	180,658	0	180,658
	<u>161,759</u>	<u>0</u>	<u>161,759</u>
<b>2013/14 Comparative Data</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
(Surplus) or Deficit on the Provision of Services	41,970	0	41,970
Other Comprehensive Income and Expenditure	(5,549)	0	(5,549)
	<u>36,421</u>	<u>0</u>	<u>36,421</u>



# NOTES TO THE FINANCIAL STATEMENTS

## 7. Subsidiaries and Associates - continued

### 7.2 Subsidiary Companies

- **Capital City Partnership**

The company is a private company limited by guarantee and is a charitable organisation. From January 2012 the Council became the sole member of the company.

The principal activities of the company are to promote community regeneration, by bringing together key statutory, voluntary, community and private sector bodies.

The most recent unaudited results of the company are as follows:	<b>31.03.15</b>	<b>31.03.14</b>
	<b>£000</b>	<b>£000</b>
Net assets	858	952
Net (profit) / loss before taxation	(41)	695
Retained profit carried forward	254	517

- **CEC Holdings Limited**

The principal activities of the company are property development and the operation of an international conference centre. The company is wholly owned by the City of Edinburgh Council.

The most recent audited results of the company are as follows:	<b>31.12.14</b>	<b>Restated 31.12.13</b>
	<b>£000</b>	<b>£000</b>
Net assets	17,576	20,088
Net (profit) / loss before taxation	(415)	3,514
Retained loss carried forward	(52,060)	(54,951)

The Council inherited its interest in CEC Holdings Limited following the local government reorganisation in 1996. It is considered that this was on an acquisition basis, however, as no consideration was given for these interests, there was no goodwill involved in these transactions.

- **CEC Recovery Limited (formerly tie Limited)**

The principal activity of the company was previously the promotion, development, procurement, project management and implementation of certain nominated projects. The company did not actively trade in the year to 31 March 2015 and is actively pursuing the transferral of project documentation to Transport Scotland. The company changed its name from tie Limited to CEC Recovery Limited on 13 May 2013.

The City of Edinburgh Council owns 100% (1,000 shares) of the issued share capital through Transport Edinburgh Limited (a dormant company), the immediate parent company of CEC Recovery Limited. The most recent audited results of the company are as follows. Financial statements for 2014/15 have yet to be completed, however, the results are not expected to be materially different to those for 2013/14.

	<b>31.03.14</b>
	<b>£000</b>
Net assets	0
Net deficit before taxation	0
Retained losses carried forward	(1)

- **Marketing Edinburgh Limited**

The company is a private company limited by guarantee. The Council is the sole member.

The principal activities of the company are to increase economic activity within the Edinburgh area by promoting it as a destination to live, work, study, etc.

The most recent audited results of the company are as follows:	<b>31.03.15</b>	<b>31.03.14</b>
	<b>£000</b>	<b>£000</b>
Net assets	262	300
Net (profit) / loss before taxation	38	42
Retained profit carried forward	262	300

## NOTES TO THE FINANCIAL STATEMENTS

### 7. Subsidiaries and Associates - continued

#### 7.2 Subsidiary Companies - continued

- **Transport for Edinburgh Limited**

The principal activities of the company are as a holding company for the City of Edinburgh Council's interest in public transport companies; Lothian Buses Limited and Edinburgh Trams Limited. The company is wholly owned by the City of Edinburgh Council.

The Council's major shareholding in Lothian Buses of 5,824,139 (91.01%) £1 ordinary shares (fully paid) was transferred to Transport for Edinburgh Limited in 2014.

The Council inherited its interest in Lothian Buses Limited, following the reorganisation of local government in 1996. It is considered that this was on an acquisition basis, however, as no consideration was given for these interests, there was no goodwill involved in these transactions.

Edinburgh Trams Limited commenced a fare paying revenue service on 31 May 2014.

The most recent audited results of the company and its primary subsidiaries are as follows:

	<b>31.12.14</b>	<b>31.12.13</b>
	<b>£000</b>	<b>£000</b>
<b>Transport for Edinburgh Limited (Consolidated Group)</b>		
Net assets	61,825	n/a
Net profit before taxation	(9,579)	n/a
Retained earnings	(11,136)	n/a
Dividend paid	5,000	n/a
<b>Lothian Buses Limited</b>		
Net assets	62,275	81,480
Net profit before taxation	(10,143)	(11,653)
Retained earnings	(54,436)	(68,604)
Dividend paid	5,494	3,296
<b>Edinburgh Trams Limited</b>		
Net assets	(449)	n/a
Net loss before taxation	564	n/a
Retained earnings	(449)	n/a
Dividend paid	0	n/a

A copy of the latest accounts can be obtained by writing to the Finance Director, Lothian Buses Limited, Annandale Street, Edinburgh, EH7 4AZ.

## NOTES TO THE FINANCIAL STATEMENTS

### 7. Subsidiaries and Associates - continued

#### 7.3 Associates

- **Edinburgh Leisure**

This is a non-profit-distributing company limited by guarantee and registered as a Charity. Each member has undertaken to contribute an amount not exceeding £1 towards any deficit arising in the event of the company being wound up.

The principal activity of the company is the provision of recreation and leisure facilities.

The City of Edinburgh Council is represented on the company's Board of Directors and contributes a substantial sum to the company towards the cost of operating sport and leisure facilities.

The City of Edinburgh Council leases its sport and leisure centres to the company.

The most recent audited results of the company are as follows:	<b>31.03.15</b>	<b>31.03.14</b>
	<b>£000</b>	<b>£000</b>
Net liabilities	(2,827)	(3,835)
Net operating (profit)/cost	(612)	237
Losses carried forward	2,827	3,835

Although Edinburgh Leisure is included in the Group Accounts, as the nature of its activities is a core part of Council policy, the Council has no legal interest in the assets or liabilities of the company.

The group share of the results of Edinburgh Leisure, based on 33.33% (2013/14 33.33%) Board Representation, is as follows:

	<b>31.03.15</b>	<b>31.03.14</b>
	<b>£000</b>	<b>£000</b>
Incoming resources	(9,847)	(10,183)
Net loss	336	800
Net liabilities	(942)	(1,278)
Total usable reserves	942	1,278

- **Festival City Theatres Trust**

This is a non-profit-distributing company limited by guarantee and registered as a Charity.

The City of Edinburgh Council is represented on the trust's board of directors and gives substantial financial assistance. The City of Edinburgh Council leases the King's Theatre and the Festival Theatre to the trust.

The most recent audited results of the company are as follows:	<b>31.03.15</b>	<b>31.03.14</b>
	<b>£000</b>	<b>£000</b>
Net assets	4,179	4,446
Net outgoing resources	(266)	(75)
Fund balances carried forward	(4,179)	(4,446)

Although Festival City Theatres Trust is included in the Group Accounts, due to the nature of its activities being a core part of the Council's policy, the Council has no legal interest in the assets or liabilities of the company.

The group share of the results of the Festival City Theatres Trust, based on 33.33% (2013/14 33.33%) Board representation, is as follows:

	<b>31.03.15</b>	<b>31.03.14</b>
	<b>£000</b>	<b>£000</b>
Incoming resources	(3,645)	(4,376)
Net outgoing resources	(89)	(25)
Net assets	1,393	1,482
Total usable reserves	(1,393)	(1,482)

# NOTES TO THE FINANCIAL STATEMENTS

## 7. Subsidiaries and Associates - continued

### 7.3 Associates - continued

- **Lothian Valuation Joint Board**

The Lothian Valuation Joint Board provides Valuation Appeals, Lands Valuation, Electoral Registration and Council Tax Valuation Services.

The Board comprises 16 members of whom nine are elected by the City of Edinburgh, three by West Lothian and two each by East and Midlothian Councils.

Costs incurred by the Lothian Valuation Joint Board are apportioned in accordance with the non-domestic rateable subjects and dwellings valued for Council Tax within the areas of each constituent authority.

The group share of the results of the Lothian Valuation Joint Board, based on a 61.22% (2013/14 61.22%) funding percentage is as follows:

	<b>31.03.15</b>	<b>Restated</b>
	<b>£000</b>	<b>31.03.14</b>
		<b>£000</b>
Funding - requisitions	(3,635)	(3,671)
Other income	(1,397)	(979)
Total income	<u>(5,032)</u>	<u>(4,650)</u>
Deficit for the year	<u>307</u>	<u>247</u>
Net liabilities	<u>(6,941)</u>	<u>(4,644)</u>
Usable reserves	0	0
Unusable reserves	<u>6,941</u>	<u>4,644</u>
Total reserves	<u>6,941</u>	<u>4,644</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 7. Subsidiaries and Associates - continued

### 7.4 Audit Opinions noted on the Accounts of the Companies

Unless otherwise indicated, the companies' accounts are unaudited.

### 7.5 Shareholder Support to Council Companies

A number of companies within the group are currently dependent on the continued financial support of the Council. The companies are EICC Limited, a subsidiary of CEC Holdings Limited - (the Council owns 100% of the shares in CEC Holdings Limited), Festival City Theatres Trust and Edinburgh Leisure.

### 7.6 Financial Impact of Consolidation

The effect of inclusion of subsidiaries and associates on the Group Balance Sheet is to increase both reserves and net assets by £109.774m (2013/14 £132.141m) representing the Council's share of the realisable surpluses or deficits in these companies.

## 8. Trusts

### ● International Conference Centre Expenditure Trust

This Trust was set up to hold funds provided by the Council for its development of the Edinburgh International Conference Centre. The balance of unexpended funds held at 31 March 2015 was £4.153m (31 March 2014 £5.890m).

The decrease in the balance of £1.737m relates mainly to the provision of funding to EICC for capital development costs of £1.767m. The Expenditure Trust received interest of £0.03m.

The £1.364m transferred from the Income Trust noted below was transferred to the Council to defray the development and running costs of the new additional function space.

### ● International Conference Centre Income Trust

This Trust was set up to hold funds received from the sale of land at the Edinburgh International Conference Centre site, pending their use for development and other costs of the centre. The balance of unexpended funds held at 31 March 2015 was £3.551m (31 March 2014 £4.915m).

Funds in the Income Trust have reduced by £1.364m during the year, relating mainly to the transfer, noted above, to the International Conference Centre Expenditure Trust. The Income Trust received interest of £0.023m.

## 9. Adjustments Between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

## NOTES TO THE FINANCIAL STATEMENTS

### 9. Adjustments Between Accounting Basis and Funding Basis Under Regulations - continued

2014/15	Usable Reserves		
	General Fund Balance £000	Housing Revenue Account Balance £000	Capital Receipts Reserve £000
<b>Adjustments primarily involving the Capital Adjustment Account</b>			
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)</b>			
Charges for depreciation and impairment of non-current assets	133,556	18,266	0
Movements in the market value of investment properties	(13,889)	0	0
Amortisation and impairment of intangible assets	710	0	0
Capital grants and contributions applied	(64,652)	(4,747)	0
Capital funded from revenue	(25)	(5,649)	0
Revenue expenditure funded from capital under statute	32,641	0	0
<b>Insertion of items not debited or credited to the CIES</b>			
Statutory provision for the financing of capital investment	(70,285)	(23,123)	0
Capital expenditure charged against General Fund and HRA balances	(32,641)	0	0
<b>Adjustments primarily involving the Capital Grant Unapplied Account</b>			
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0
<b>Adjustments primarily involving the Capital Receipts Reserve</b>			
Net (Gain) / loss on sale of property, plant and equipment and assets held for sale	(5,023)	307	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	(21,479)
<b>Adjustments primarily involving the Financial Instruments Adjustment Account</b>			
Amount by which finance costs charged are different from finance costs chargeable in the year in accordance with statutory requirements	(1,434)	(460)	0
<b>Adjustments primarily involving the Pensions Reserve</b>			
Reversal of items relating to retirement benefits debited or credited to the CIES	95,001	1,081	0
Employer's pension contributions and direct payments to pensioners payable in the year	(60,933)	(426)	0
<b>Adjustments primarily involving the Employee Statutory Adjustment Account</b>			
Amount by which officer remuneration charges to the CIES are different from remuneration chargeable in the year in accordance with statutory requirements	(5,397)	(222)	0
<b>Total Adjustments</b>	<b>7,629</b>	<b>(14,973)</b>	<b>(21,479)</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 9. Adjustments Between Accounting Basis and Funding Basis Under Regulations - continued

2014/15	Usable Reserves		Movement in Unusable Reserves £000
	Capital Grants Unapplied Account £000	Capital Fund £000	
<b>Adjustments primarily involving the Capital Adjustment Account</b>			
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)</b>			
Charges for depreciation and impairment of non-current assets	0	0	(151,822)
Movements in the market value of investment properties	0	0	13,889
Amortisation of intangible assets	0	0	(710)
Capital grants and contributions applied	3,298	0	66,101
Capital funded from revenue	0	0	5,674
Revenue expenditure funded from capital under statute	0	0	(32,641)
<b>Insertion of items not debited or credited to the CIES</b>			
Statutory provision for the financing of capital investment	0	0	93,408
Capital expenditure charged against General Fund and HRA balances	0	0	32,641
<b>Adjustments primarily involving the Capital Grant Unapplied Account</b>			
Application of grants to capital financing transferred to the Capital Adjustment Account	(943)	0	943
<b>Adjustments primarily involving the Capital Receipts Reserve</b>			
Net loss on sale of property, plant and equipment and assets held for sale	0	0	4,716
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	21,479
<b>Adjustments primarily involving the Financial Instruments Adjustment Account</b>			
Amount by which finance costs charged are different from finance costs chargeable in the year in accordance with statutory requirements	0	0	1,894
<b>Adjustments primarily involving the Pensions Reserve</b>			
Reversal of items relating to retirement benefits debited or credited to the CIES	0	0	(96,082)
Employer's pension contributions and direct payments to pensioners payable in the year	0	0	61,359
<b>Adjustments primarily involving the Employee Statutory Adjustment Account</b>			
Amount by which officer remuneration charges to the CIES are different from remuneration chargeable in the year in accordance with statutory requirements	0	0	5,619
<b>Total Adjustments</b>	<b>2,355</b>	<b>0</b>	<b>26,468</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 9. Adjustments Between Accounting Basis and Funding Basis Under Regulations - continued

2013/14 Comparative Data	Usable Reserves		
	General Fund Balance £000	Housing Revenue Account Balance £000	Capital Receipts Reserve £000
<b>Adjustments primarily involving the Capital Adjustment Account</b>			
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)</b>			
Charges for depreciation and impairment of non-current assets	144,120	52,082	0
Movements in the market value of investment properties	0	0	0
Amortisation of intangible assets	288	0	0
Capital grants and contributions applied	(82,023)	(3,301)	0
Capital funded from revenue	(382)	(3,575)	0
Revenue expenditure funded from capital under statute	30,365	0	0
<b>Insertion of items not debited or credited to the CIES</b>			
Statutory provision for the financing of capital investment	(66,794)	(23,163)	0
Capital expenditure charged against General Fund and HRA balances	(30,365)	0	0
<b>Adjustments primarily involving the Capital Grant Unapplied Account</b>			
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0
<b>Adjustments primarily involving the Capital Receipts Reserve</b>			
Net loss / (gain) on sale of property, plant and equipment and as held for sale	3,118	534	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	(16,707)
<b>Adjustments primarily involving the Financial Instruments Adjustment Account</b>			
Amount by which finance costs charged are different from finance costs chargeable in the year in accordance with statutory requirements	(1,263)	(397)	0
<b>Adjustments primarily involving the Pensions Reserve</b>			
Reversal of items relating to retirement benefits debited or credited to the CIES	83,438	1,009	0
Employer's pension contributions and direct payments to pensioners payable in the year	(59,705)	(450)	0
<b>Adjustments primarily involving the Employee Statutory Adjustment Account</b>			
Amount by which officer remuneration charges to the CIES are different from remuneration chargeable in the year in accordance with statutory requirements	9,493	104	0
<b>Total Adjustments</b>	<b>30,290</b>	<b>22,843</b>	<b>(16,707)</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 9. Adjustments Between Accounting Basis and Funding Basis Under Regulations - continued

2013/14 Comparative Data	Usable Reserves		Movement in Unusable Reserves £000
	Capital Grants Unapplied Account £000	Capital Fund £000	
<b>Adjustments primarily involving the Capital Adjustment Account</b>			
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)</b>			
Charges for depreciation and impairment of non-current assets	0	0	(196,202)
Movements in the market value of investment properties	0	0	0
Amortisation of intangible assets	0	0	(288)
Capital grants and contributions applied	0	0	85,324
Capital funded from revenue	0	0	3,957
Revenue expenditure funded from capital under statute	0	0	(30,365)
<b>Insertion of items not debited or credited to the CIES</b>			
Statutory provision for the financing of capital investment	0	0	89,957
Capital expenditure charged against General Fund and HRA balances	0	0	30,365
<b>Adjustments primarily involving the Capital Grant Unapplied Account</b>			
Application of grants to capital financing transferred to the Capital Adjustment Account	(5,037)	0	5,037
<b>Adjustments primarily involving the Capital Receipts Reserve</b>			
Net loss / (gain) on sale of property, plant and equipment and as held for sale	0	0	(3,652)
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	16,707
<b>Adjustments primarily involving the Financial Instruments Adjustment Account</b>			
Amount by which finance costs charged are different from finance costs chargeable in the year in accordance with statutory requirements	0	0	1,660
<b>Adjustments primarily involving the Pensions Reserve</b>			
Reversal of items relating to retirement benefits debited or credited to the CIES	0	0	(84,447)
Employer's pension contributions and direct payments to pensioners payable in the year	0	0	60,155
<b>Adjustments primarily involving the Employee Statutory Adjustment Account</b>			
Amount by which officer remuneration charges to the CIES are different from remuneration chargeable in the year in accordance with statutory requirements	0	0	(9,597)
<b>Total Adjustments</b>	<b>(5,037)</b>	<b>0</b>	<b>(31,389)</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 10. Usable Reserves

#### 10.1 Transfers to and from Usable Reserves

This note sets out the amounts set aside in the Group's and the Council's usable reserves and the amounts posted back from these reserves to meet expenditure during the year. Comparative data is included for 2013/14 which has been restated.

	<b>Balance at 01.04.13 £000</b>	<b>Net Transfers Out 2013/14 £000</b>	<b>Net Transfers In 2013/14 £000</b>	<b>Balance at 31.03.14 £000</b>
<b>Group Reserves</b>				
<b>Subsidiaries</b>				
CEC Holdings Limited				
Revenue reserves	(52,595)	(2,356)	0	(54,951)
Capital grants unapplied account	3,815	(183)	0	3,632
Transport for Edinburgh Limited				
Revenue reserves	42,601	0	19,251	61,852
<b>Total Usable Reserves - Subsidiaries</b>	<b>(6,179)</b>	<b>(2,539)</b>	<b>19,251</b>	<b>10,533</b>
<b>Associates and Joint Ventures</b>				
Common Good Fund				
Earmarked revenue reserve	1,615	0	36	1,651
Edinburgh Leisure				
Earmarked revenue reserve	287	0	132	419
Revenue reserves	(765)	(932)	0	(1,697)
International Conference Centre Trusts				
Income Trust	6,134	(1,219)	0	4,915
Expenditure Trust	6,075	(1,404)	1,219	5,890
Festival City Theatres Trust				
Earmarked capital reserve	1,763	(157)	0	1,606
Revenue reserves	(243)	118	0	(125)
<b>Total Usable Reserves - Associates and Joint Ventures</b>	<b>14,866</b>	<b>(3,594)</b>	<b>1,387</b>	<b>12,659</b>
<b>Total Usable Reserves - Subsidiaries, Associates and Joint Ventures</b>	<b>8,687</b>	<b>(6,133)</b>	<b>20,638</b>	<b>23,192</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 10. Usable Reserves - continued

#### 10.1 Transfers to and from Usable Reserves - continued

	Balance at 01.04.14 £000	Net Transfers Out 2014/15 £000	Net Transfers In 2014/15 £000	Balance at 31.03.15 £000
<b>Group Reserves</b>				
<b>Subsidiaries</b>				
CEC Holdings Limited				
Revenue reserves	(54,951)	2,891	0	(52,060)
Capital grants unapplied account	3,632	0	(419)	3,213
Transport for Edinburgh				
Revenue reserves	61,852	(13,329)	0	48,523
<b>Total Usable Reserves - Subsidiaries</b>	<b>10,533</b>	<b>(10,438)</b>	<b>(419)</b>	<b>(324)</b>
<b>Associates and Joint Ventures</b>				
Common Good Fund				
Earmarked revenue reserves	1,651	0	1,185	2,836
Edinburgh Leisure				
Earmarked revenue reserve	419	0	160	579
Revenue reserves	(1,697)	0	176	(1,521)
International Conference Centre Trusts				
Income Trust	4,915	(1,364)	0	3,551
Expenditure Trust	5,890	(3,101)	1,364	4,153
Festival City Theatres Trust				
Earmarked capital reserve	1,606	(149)	0	1,457
Revenue reserves	(125)	0	61	(64)
<b>Total Usable Reserves - Associates and Joint Ventures</b>	<b>12,659</b>	<b>(4,614)</b>	<b>2,946</b>	<b>10,991</b>
<b>Total Usable Reserves - Subsidiaries, Associates and Joint Ventures</b>	<b>23,192</b>	<b>(15,052)</b>	<b>2,527</b>	<b>10,667</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 10. Usable Reserves - continued

#### 10.1 Transfers to and from Usable Reserves - continued

(re-stated)	Balance at 01.04.13 £000	Transfers Out 2013/14 £000	Transfers In 2013/14 £000	Balance at 31.03.14 £000
<b>Council's Usable Reserves</b>				
<b>General Fund</b>				
Unallocated General Fund	13,025	0	0	13,025
Balances held by schools under Devolved School Management (DSM)	2,649	(2,649)	1,273	1,273
Balances set aside for specific inv.	8,229	(4,632)	8,431	12,028
Contingency funding, workforce mgmt.	18,203	0	4,629	22,832
Council Priorities Fund	2,917	(207)	8,184	10,894
Dilapidations Fund	10,993	(4,375)	1,536	8,154
Energy efficiency Fund	997	(110)	96	983
Insurance Funds	10,675	(1,264)	2,517	11,928
Licensing Income	1,592	0	228	1,820
Recycling balances	1,464	0	0	1,464
Revenue grants and contributions received in advance of planned expenditure	17,927	(9,603)	7,856	16,180
Council Tax Discount Fund	13,774	0	2,561	16,335
Spend to Save Fund and similar projects	3,434	(3,226)	5,988	6,196
Other earmarked balances	117	(13)	93	197
Surplus on Housing Revenue Account transferred to Renewal and Repairs Fund	0	(4,298)	4,298	0
<b>Total General Fund</b>	<u>105,996</u>	<u>(30,377)</u>	<u>47,690</u>	<u>123,309</u>
<b>Housing Revenue Account Balance</b>	<u>0</u>	<u>(4,298)</u>	<u>4,298</u>	<u>0</u>
<b>Renewal and Repairs Fund</b>	<u>30,748</u>	<u>(13,207)</u>	<u>4,395</u>	<u>21,936</u>
<b>Capital Fund</b>	<u>18,873</u>	<u>(1,911)</u>	<u>8,873</u>	<u>25,835</u>
<b>Capital Receipts Reserve</b>	<u>0</u>	<u>(16,707)</u>	<u>16,707</u>	<u>0</u>
<b>Capital Grants Unapplied Account</b>	<u>7,030</u>	<u>(5,036)</u>	<u>0</u>	<u>1,994</u>
<b>Total Usable Reserves - Council</b>	<u>162,647</u>	<u>(71,536)</u>	<u>81,963</u>	<u>173,074</u>
<b>Total Usable Reserves - Group</b>	<u>171,334</u>	<u>(77,669)</u>	<u>102,601</u>	<u>196,266</u>

The General Fund useable reserves categorisations have been restated for 2013/14 to better reflect the strategic classification of funds.

## NOTES TO THE FINANCIAL STATEMENTS

### 10. Usable Reserves - continued

#### 10.1 Transfers to and from Usable Reserves - continued

	Balance at 01.04.14 £000	Inter-Fund Transfer 2014/15 £000	Transfers Out 2014/15 £000	Transfers In 2014/15 £000	Balance at 31.03.15 £000
<b>General Fund</b>					
Unallocated General Fund	13,025	0	0	0	13,025
Balances held by schools under DSM	1,273	0	(1,273)	1,054	1,054
Balances set aside for specific inv.	12,028	496	(3,938)	5,303	13,889
Contingency funding, workforce mgmt.	22,832	0	(5,676)	745	17,901
Council Priorities Fund	10,894	0	(8,258)	519	3,155
Dilapidations Fund	8,154	0	(85)	690	8,759
Energy efficiency Fund	983	0	(275)	91	799
Insurance Funds	11,928	0	(1,550)	2,179	12,557
Licensing Income	1,820	0	(447)	29	1,402
Recycling balances	1,464	0	(92)	0	1,372
Revenue grants and contributions received in advance of planned expend.	16,180	(496)	(6,915)	5,308	14,077
Council Tax Discount Fund	16,335	0	0	2,301	18,636
Spend to Save Fund and similar projects	6,196	0	(2,861)	4,134	7,469
Other earmarked balances	197	0	0	22	219
Strategic Acquisition Fund	0	0	0	3,000	3,000
Surplus on Housing Revenue Account transferred to Renewal and Repairs Fund	0	0	(2,503)	2,503	0
<b>Total General Fund</b>	<b>123,309</b>	<b>0</b>	<b>(33,873)</b>	<b>27,878</b>	<b>117,314</b>
<b>Housing Revenue Account Balance</b>	<b>0</b>	<b>0</b>	<b>(2,503)</b>	<b>2,503</b>	<b>0</b>
<b>Renewal and Repairs Fund</b>	<b>21,936</b>	<b>0</b>	<b>0</b>	<b>12,868</b>	<b>34,804</b>
<b>Capital Fund</b>	<b>25,835</b>	<b>0</b>	<b>(1,298)</b>	<b>11,390</b>	<b>35,927</b>
<b>Capital Receipts Reserve</b>	<b>0</b>	<b>0</b>	<b>21,479</b>	<b>(21,479)</b>	<b>0</b>
<b>Capital Grants Unapplied Account</b>	<b>1,994</b>	<b>0</b>	<b>(943)</b>	<b>3,298</b>	<b>4,349</b>
<b>Total Usable Reserves - Council</b>	<b>173,074</b>	<b>0</b>	<b>(17,138)</b>	<b>36,458</b>	<b>192,394</b>
<b>Total Usable Reserves - Group</b>	<b>196,266</b>	<b>0</b>	<b>(32,190)</b>	<b>38,985</b>	<b>203,061</b>

#### 10.2 Devolved School Management

A net credit balance of £1.054m (2013/14 £1.273m) is held within the General Fund in accordance with the Devolved School Management scheme.

## NOTES TO THE FINANCIAL STATEMENTS

### 10. Usable Reserves - continued

#### 10.3 Reconciliation of transfers to and from earmarked reserves in Movement of Reserves Statement to Transfers to and from Usable Reserves

2014/15

	General Fund £000	HRA Balance £000	Renewal / Repairs Fund £000	Capital Receipts Reserve £000
Transfers out	(33,873)	(2,503)	0	21,479
Transfers in	27,878	2,503	12,868	(21,479)
Total movements in fund	<u>(5,995)</u>	<u>0</u>	<u>12,868</u>	<u>0</u>
Recognised in Comprehensive Income and Expenditure Statement	3,166	2,503	0	0
Minority interest and other consol. adjusts.	0	0	0	0
Transfers to other earmarked reserves	(9,161)	(2,503)	12,868	0
Total movements in fund	<u>(5,995)</u>	<u>0</u>	<u>12,868</u>	<u>0</u>
	Capital Grants Unapplied £000	Capital Fund £000	Group Usable Reserves £000	Total £000
Transfers out	(943)	(1,298)	(15,052)	<b>(32,190)</b>
Transfers in	3,298	11,390	2,527	<b>38,985</b>
Total movements in fund	<u>2,355</u>	<u>10,092</u>	<u>(12,525)</u>	<u><b>6,795</b></u>
Recognised in Comprehensive Income and Expenditure Statement	2,355	11,298	(20,203)	<b>(881)</b>
Minority interest and other consol. adjusts.	0	0	0	<b>0</b>
Transfers to other earmarked reserves	0	(1,206)	7,678	<b>7,676</b>
Total movements in fund	<u>2,355</u>	<u>10,092</u>	<u>(12,525)</u>	<u><b>6,795</b></u>

2013/14 Comparative Data

	General Fund £000	HRA Balance £000	Renewal / Repairs Fund £000	Capital Receipts Reserve £000
Transfers out	(30,377)	(4,298)	(13,207)	(16,707)
Transfers in	47,690	4,298	4,395	16,707
Total movements in fund	<u>17,313</u>	<u>0</u>	<u>(8,812)</u>	<u>0</u>
Recognised in Comprehensive Income and Expenditure Statement	2,360	4,298	0	0
Minority interest and other consol. adjusts.	0	0	0	0
Transfers to other earmarked reserves	14,953	(4,298)	(8,812)	0
Total movements in fund	<u>17,313</u>	<u>0</u>	<u>(8,812)</u>	<u>0</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 10. Usable Reserves - continued

#### 10.3 Reconciliation of transfers to and from earmarked reserves in Movement of Reserves Statement to Transfers to and from Usable Reserves - continued

2013/14 Comparative Data	Capital Grants	Capital	Group	Total
	Unapplied	Fund	Usable	
	£000	£000	Reserves	£000
Transfers out	(5,036)	(1,911)	(6,133)	(77,669)
Transfers in	0	8,873	20,638	102,601
Total movements in fund	<u>(5,036)</u>	<u>6,962</u>	<u>14,505</u>	<u>24,932</u>
Recognised in Comprehensive Income and Expenditure Statement	(5,037)	8,805	22,651	33,077
Minority interest and other consol. adjusts.	0	0	0	0
Transfers to other earmarked reserves	1	(1,843)	(8,146)	(8,145)
Total movements in fund	<u>(5,036)</u>	<u>6,962</u>	<u>14,505</u>	<u>24,932</u>

### 11. Other Operating Expenditure

	2014/15		2013/14	
	Group	Council	Group	Council
	£000	£000	£000	£000
(Gains) / losses on the disposal of non-current assets	(4,807)	(4,716)	4,221	3,652
	<u>(4,807)</u>	<u>(4,716)</u>	<u>4,221</u>	<u>3,652</u>

### 12. Financing and Investment Income and Expenditure

	2014/15		2013/14	
	Group	Council	Group	Council
	£000	£000	£000	£000
Interest payable and similar charges	94,064	93,657	95,122	94,649
Interest cost on defined benefit obligation	118,313	103,245	112,865	99,411
Interest receivable and similar income	(11,312)	(11,144)	(5,118)	(4,936)
Interest income on plan assets	(95,508)	(79,991)	(91,933)	(79,047)
Income / expend. in relation to investment properties and changes in their fair value	(14,208)	(14,208)	64	(212)
Net (surplus) / deficit from trading activities	(49)	66	(242)	45
	<u>91,300</u>	<u>91,625</u>	<u>110,758</u>	<u>109,910</u>

### 13. Taxation and Non-Specific Grant Income

	2014/15		2013/14	
	Group	Council	Group	Council
	£000	£000	£000	£000
Council Tax income	(212,976)	(212,976)	(207,925)	(207,925)
Non-domestic rates	(364,108)	(364,108)	(334,630)	(334,630)
Non-ring fenced government grants	(386,311)	(386,311)	(402,364)	(402,364)
Capital grants and contributions	(69,399)	(69,399)	(85,324)	(85,324)
Taxation expenses	2,023	0	1,908	0
	<u>(1,030,771)</u>	<u>(1,032,794)</u>	<u>(1,028,335)</u>	<u>(1,030,243)</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 14. Property, Plant and Equipment

#### 14.1 Depreciation

No depreciation is provided in the year of the asset's purchase. Assets in the course of construction are not depreciated until they are brought into use. Where depreciation is provided for, assets are depreciated using the straight line method over the following periods:

Council dwellings	50 years
Buildings	50 years (assets not subject to component accounting)
Buildings - structural	50 years
Buildings - non-traditional roofing	35 years
Buildings - finishes	25 years
Buildings - mechanical and electrical	20 years
Buildings - fittings and furnishings	15 years
PPP Schools	40 years (PPP1 schools) and 35 years (PPP2 schools)
Infrastructure assets	20 years
Vehicles, plant, furniture and equipment	5 years to 10 years, to reflect estimated useful life 3 years to 15 years, Group Companies

#### 14.2 Capital Commitments

At 31 March 2015, the Council had entered into a number of contracts for the construction or enhancement of property, plant and equipment. These are budgeted to cost £70.955m. A number of these amounts relate to contract retentions, as projects are now complete. Similar commitments at 31 March 2014 were £25.432m.

	<b>£000</b>	<b>Expected Completion Date</b>
Portobello New High School	28,300	Aug-16
Boroughmuir New High School	25,800	Oct-16
HRA - Kitchens and Bathrooms Term Contracts	6,250	1 year
HRA - External Fabric Improvement Term Contract	4,500	1 year
Kirkliston Primary School extension	3,000	Aug-16
Water of Leith Phase 2 (Mains diversion) - Scottish Gas Networks	1,080	1 year
NEP term contract	700	1 year
Zero Waste - Site Construction	690	1-2years
New Autism Day and Respite Centre retention	400	Apr-15
Other capital commitments	235	1 year
	70,955	

In November 2014, Lothian Buses Limited entered into an agreement to purchase 20 hybrid vehicles for £4.80m. These are expected to be delivered during mid 2015.

CEC Holdings Limited has contractual commitments of £0.0m (2013/14 £0.640m).



## NOTES TO THE FINANCIAL STATEMENTS

### 14. Property, Plant and Equipment - continued

#### 14.3 Movements on Balances - Group Accounts Movements in 2014/15

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Infrastructure Assets £000
<b>Cost or Valuation</b>				
At 1 April 2014	1,017,560	1,854,171	215,260	1,316,428
Additions	33,769	31,861	29,195	34,332
Revaluation increases / (decreases) recognised in the Revaluation Reserve	3,299	(16,956)	3,725	0
Revaluation increases / (decreases) recognised in the Surplus on the Provision of Services	48	(16,657)	0	0
Derecognition - disposals	(7,525)	(5,241)	(2,878)	0
Derecognition - other	0	0	(8,632)	0
Assets reclassified (to) / from held for sale	0	(5,816)	0	0
Other movements in cost or valuation	0	155	63,949	0
At 31 March 2015	<u>1,047,151</u>	<u>1,841,517</u>	<u>300,619</u>	<u>1,350,760</u>
<b>Accumulated Depreciation and Impairment</b>				
At 1 April 2014	(209)	(90,478)	(111,883)	(375,081)
Depreciation charge	(17,746)	(47,658)	(17,731)	(63,183)
Depreciation charge written out to Revaluation Reserve	231	20,671	0	0
Depreciation written out to the Surplus on the Provision of Services	4	5,830	0	0
Derecognition - disposals	127	2,181	2,593	0
Derecognition - other	0	0	5,793	0
Impairment losses recognised in the Surplus on the Provision of Services	0	0	(1,264)	0
Other movements in cost or valuation	0	54	0	0
At 31 March 2015	<u>(17,593)</u>	<u>(109,400)</u>	<u>(122,492)</u>	<u>(438,264)</u>
<b>Net book value</b>				
At 31 March 2015	<u>1,029,558</u>	<u>1,732,117</u>	<u>178,127</u>	<u>912,496</u>
At 31 March 2014	<u>1,017,351</u>	<u>1,763,693</u>	<u>103,377</u>	<u>941,347</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 14. Property, Plant and Equipment - continued

#### 14.3 Movements on Balances - Group Accounts Movements in 2014/15

	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property Plant and Equipment £000
<b>Cost or Valuation</b>				
At 1 April 2014	11,347	17,243	79,740	4,511,749
Additions	1,164	89	34,694	165,104
Revaluation increases / (decreases) recognised in the Revaluation Reserve	0	(894)	0	(10,826)
Revaluation increases / (decreases) recognised in the Surplus on the Provision of Services	(319)	(1,906)	0	(18,834)
Derecognition - disposals	0	(850)	0	(16,494)
Derecognition - other	0	0	0	(8,632)
Assets reclassified (to) / from held for sale	0	(1,048)	0	(6,864)
Other movements in cost or valuation	0	0	(64,104)	0
At 31 March 2015	<u>12,192</u>	<u>12,634</u>	<u>50,330</u>	<u>4,615,203</u>
<b>Accumulated Depreciation and Impairment</b>				
At 1 April 2014	0	(93)	0	(577,744)
Depreciation charge	0	(66)	0	(146,384)
Depreciation charge written out to Revaluation Reserve	0	0	0	20,902
Depreciation written out to the Surplus on the Provision of Services	0	114	0	5,948
Derecognition - disposals	0	0	0	4,901
Derecognition - other	0	0	0	5,793
Impairment losses recognised in the Surplus on the Provision of Services	0	0	0	(1,264)
Other movements in cost or valuation	0	35	0	89
At 31 March 2015	<u>0</u>	<u>(10)</u>	<u>0</u>	<u>(687,759)</u>
<b>Net book value</b>				
At 31 March 2015	<u>12,192</u>	<u>12,624</u>	<u>50,330</u>	<u>3,927,444</u>
At 31 March 2014	<u>11,347</u>	<u>17,150</u>	<u>79,740</u>	<u>3,934,005</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 14. Property, Plant and Equipment - continued 14.4 Movements on Balances - Group Accounts 2013/14 Comparative Data

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Infrastructure Assets £000
<b>Cost or Valuation</b>				
At 1 April 2013	1,107,677	1,821,734	204,314	1,225,857
Additions	39,115	31,979	19,578	90,571
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(60,972)	17,302	98	0
Revaluation increases / (decreases) recognised in the Surplus on the Provision of Services	(62,981)	(31,548)	0	0
Derecognition - disposals	(5,298)	(10,537)	(5,239)	0
Derecognition - other	0	0	(3,492)	0
Assets reclassified (to) / from held for sale	19	(698)	0	0
Other movements in cost or valuation	0	25,939	1	0
At 31 March 2014	<u>1,017,560</u>	<u>1,854,171</u>	<u>215,260</u>	<u>1,316,428</u>
<b>Accumulated Depreciation and Impairment</b>				
At 1 April 2013	(62,533)	(93,459)	(100,530)	(316,173)
Depreciation charge	(18,186)	(44,974)	(18,489)	(58,668)
Depreciation charge written out to Revaluation Reserve	50,601	43,337	13	0
Depreciation written out to the Surplus on the Provision of Services	29,538	4,078	0	0
Derecognition - disposals	371	501	4,319	0
Derecognition - other	0	0	3,492	0
Impairment losses recognised in the Surplus on the Provision of Services	0	0	(688)	(240)
Other movements in cost or valuation	0	39	0	0
At 31 March 2014	<u>(209)</u>	<u>(90,478)</u>	<u>(111,883)</u>	<u>(375,081)</u>
<b>Net book value</b>				
At 31 March 2014	<u>1,017,351</u>	<u>1,763,693</u>	<u>103,377</u>	<u>941,347</u>
At 31 March 2013	<u>1,045,144</u>	<u>1,728,275</u>	<u>103,784</u>	<u>909,684</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 14. Property, Plant and Equipment - continued

#### 14.4 Movements on Balances - Group Accounts 2013/14 Comparative Data

	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property Plant and Equipment £000
<b>Cost or Valuation</b>				
At 1 April 2013	11,263	19,814	95,306	4,485,965
Additions	1,079	131	10,871	193,324
Revaluation increases / (decreases) recognised in the Revaluation Reserve	0	(1,391)	0	(44,963)
Revaluation increases / (decreases) recognised in the Surplus on the Provision of Services	(1,492)	(1,621)	0	(97,642)
Derecognition - disposals	0	0	0	(21,074)
Derecognition - other	0	0	0	(3,492)
Assets reclassified (to) / from held for sale	0	310	0	(369)
Other movements in cost or valuation	497	0	(26,437)	0
At 31 March 2014	<u>11,347</u>	<u>17,243</u>	<u>79,740</u>	<u>4,511,749</u>
<b>Accumulated Depreciation and Impairment</b>				
At 1 April 2013	0	(31)	0	(572,726)
Depreciation charge	0	(99)	0	(140,416)
Depreciation charge written out to Revaluation Reserve	0	0	0	93,951
Depreciation written out to the Surplus on the Provision of Services	0	37	0	33,653
Derecognition - disposals	0	0	0	5,191
Derecognition - other	0	0	0	3,492
Impairment losses recognised in the Surplus on the Provision of Services	0	0	0	(928)
Other movements in cost or valuation	0	0	0	39
At 31 March 2014	<u>0</u>	<u>(93)</u>	<u>0</u>	<u>(577,744)</u>
<b>Net book value</b>				
At 31 March 2014	<u>11,347</u>	<u>17,150</u>	<u>79,740</u>	<u>3,934,005</u>
At 31 March 2013	<u>11,263</u>	<u>19,783</u>	<u>95,306</u>	<u>3,913,239</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 14. Property, Plant and Equipment - continued

#### 14.5 Movements on Balances - City of Edinburgh Council Movements in 2014/15

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Infrastructure Assets £000
<b>Cost or Valuation</b>				
At 1 April 2014	1,017,560	1,796,454	94,409	1,309,758
Additions	33,769	31,623	13,955	34,332
Revaluation increases / (decreases) recognised in the Revaluation Reserve	3,299	(16,956)	3,725	0
Revaluation increases / (decreases) recognised in the Surplus on the Provision of Services	48	(16,657)	0	0
Derecognition - disposals	(7,525)	(5,127)	(206)	0
Derecognition - other	0	0	(8,632)	0
Assets reclassified (to) / from held for sale	0	(5,816)	0	0
Other movements in cost or valuation	0	155	63,949	0
At 31 March 2015	<u>1,047,151</u>	<u>1,783,676</u>	<u>167,200</u>	<u>1,344,090</u>
<b>Accumulated Depreciation and Impairment</b>				
At 1 April 2014	(209)	(60,650)	(58,654)	(370,035)
Depreciation charge	(17,746)	(47,186)	(9,089)	(62,894)
Depreciation charge written out to Revaluation Reserve	231	20,671	0	0
Depreciation written out to the Surplus on the Provision of Services	4	5,830	0	0
Derecognition - disposals	127	2,067	41	0
Derecognition - other	0	0	5,793	0
Impairment losses recognised in the Surplus on the Provision of Services	0	0	(1,264)	0
Other movements in cost or valuation	0	54	0	0
At 31 March 2015	<u>(17,593)</u>	<u>(79,214)</u>	<u>(63,173)</u>	<u>(432,929)</u>
<b>Net book value</b>				
At 31 March 2015	<u>1,029,558</u>	<u>1,704,462</u>	<u>104,027</u>	<u>911,161</u>
At 31 March 2014	<u>1,017,351</u>	<u>1,735,804</u>	<u>35,755</u>	<u>939,723</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 14. Property, Plant and Equipment - continued

#### 14.5 Movements on Balances - City of Edinburgh Council Movements in 2014/15

<b>Cost or Valuation</b>	<b>Community Assets £000</b>	<b>Surplus Assets £000</b>	<b>Assets Under Construction £000</b>	<b>Total Property Plant and Equipment £000</b>	<b>PPP Assets £000</b>
At 1 April 2014	11,347	17,243	79,740	<b>4,326,511</b>	558,965
Additions	1,164	89	34,694	<b>149,626</b>	23,151
Revaluation increases / (decreases) recognised in the Revaluation Reserve	0	(894)	0	<b>(10,826)</b>	(9,629)
Revaluation increases / (decreases) recognised in the Surplus on the Provision of Services	(319)	(1,906)	0	<b>(18,834)</b>	0
Derecognition - disposals	0	(850)	0	<b>(13,708)</b>	0
Derecognition - other	0	0	0	<b>(8,632)</b>	0
Assets reclassified (to) / from held for sale	0	(1,048)	0	<b>(6,864)</b>	0
Other movements in cost or valuation	0	0	(64,104)	<b>0</b>	54
At 31 March 2015	<u>12,192</u>	<u>12,634</u>	<u>50,330</u>	<u><b>4,417,273</b></u>	<u>572,541</u>
<b>Accumulated Depreciation and Impairment</b>					
At 1 April 2014	0	(93)	0	<b>(489,641)</b>	(12,055)
Depreciation charge	0	(66)	0	<b>(136,981)</b>	(12,887)
Depreciation charge written out to Revaluation Reserve	0	0	0	<b>20,902</b>	9,711
Depreciation written out to the Surplus on the Provision of Services	0	114	0	<b>5,948</b>	0
Derecognition - disposals	0	0	0	<b>2,235</b>	0
Derecognition - other	0	0	0	<b>5,793</b>	0
Impairment losses recognised in the Surplus on the Provision of Services	0	0	0	<b>(1,264)</b>	0
Other movements in cost or valuation	0	35	0	<b>89</b>	0
At 31 March 2015	<u>0</u>	<u>(10)</u>	<u>0</u>	<u><b>(592,919)</b></u>	<u>(15,231)</u>
<b>Net book value</b>					
At 31 March 2015	<u>12,192</u>	<u>12,624</u>	<u>50,330</u>	<u><b>3,824,354</b></u>	<u>557,310</u>
At 31 March 2014	<u>11,347</u>	<u>17,150</u>	<u>79,740</u>	<u><b>3,836,870</b></u>	<u>546,910</u>

The disclosure for PPP assets is for information only. The costs and depreciation are included in 'Other Land and Buildings' and 'Assets Under Construction'.

## NOTES TO THE FINANCIAL STATEMENTS

### 14. Property, Plant and Equipment - continued 14.6 Movements on Balances - City of Edinburgh Council 2013/14 Comparative Data

<b>Cost or Valuation</b>	<b>Council Dwellings £000</b>	<b>Other Land and Buildings £000</b>	<b>Vehicles, Plant, Furniture and Equipment £000</b>	<b>Infrastructure Assets £000</b>
At 1 April 2013	1,107,677	1,768,939	85,844	1,219,187
Additions	39,115	31,835	12,191	90,571
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(60,972)	17,302	98	0
Revaluation increases / (decreases) recognised in the Surplus on the Provision of Services	(62,981)	(31,548)	0	0
Derecognition - disposals	(5,298)	(10,537)	(231)	0
Derecognition - other	0	0	(3,492)	0
Assets reclassified (to) / from held for sale	19	(698)	0	0
Other movements in cost or valuation	0	21,161	(1)	0
At 31 March 2014	<u>1,017,560</u>	<u>1,796,454</u>	<u>94,409</u>	<u>1,309,758</u>
<b>Accumulated Depreciation and Impairment</b>				
At 1 April 2013	(62,533)	(64,029)	(51,475)	(311,416)
Depreciation charge	(18,186)	(44,576)	(10,041)	(58,379)
Depreciation charge written out to Revaluation Reserve	50,601	43,337	13	0
Depreciation written out to the Surplus on the Provision of Services	29,538	4,078	0	0
Derecognition - disposals	371	501	45	0
Derecognition - other	0	0	3,492	0
Impairment losses recognised in the Surplus on the Provision of Services	0	0	(688)	(240)
Other movements in cost or valuation	0	39	0	0
At 31 March 2014	<u>(209)</u>	<u>(60,650)</u>	<u>(58,654)</u>	<u>(370,035)</u>
<b>Net book value</b>				
At 31 March 2014	<u>1,017,351</u>	<u>1,735,804</u>	<u>35,755</u>	<u>939,723</u>
At 31 March 2013	<u>1,045,144</u>	<u>1,704,910</u>	<u>34,369</u>	<u>907,771</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 14. Property, Plant and Equipment - continued

#### 14.6 Movements on Balances - City of Edinburgh Council 2013/14 Comparative Data

	Community Assets £000	Surplus Assets £000	Total Assets Under Construction £000	Total Property Plant and Equipment £000	PPP Assets £000
<b>Cost or Valuation</b>					
At 1 April 2013	11,263	19,814	90,818	4,303,542	551,161
Additions	1,079	131	10,579	185,501	146
Revaluation increases / (decreases) recognised in the Revaluation Reserve	0	(1,391)	0	(44,963)	17,759
Revaluation increases / (decreases) recognised in the Surplus on the Provision of Services	(1,492)	(1,621)	0	(97,642)	(10,101)
Derecognition - disposals	0	0	0	(16,066)	0
Derecognition - other	0	0	0	(3,492)	0
Assets reclassified (to) / from held for sale	0	310	0	(369)	0
Other movements in cost or valuation	497	0	(21,657)	0	0
At 31 March 2014	11,347	17,243	79,740	4,326,511	558,965
<b>Accumulated Depreciation and Impairment</b>					
At 1 April 2013	0	(31)	0	(489,484)	(43,097)
Depreciation charge	0	(99)	0	(131,281)	(11,334)
Depreciation charge written out to Revaluation Reserve	0	0	0	93,951	40,575
Depreciation written out to the Surplus on the Provision of Services	0	37	0	33,653	1,801
Derecognition - disposals	0	0	0	917	0
Derecognition - other	0	0	0	3,492	0
Impairment losses recognised in the Surplus on the Provision of Services	0	0	0	(928)	0
Other movements in cost or valuation	0	0	0	39	0
At 31 March 2014	0	(93)	0	(489,641)	(12,055)
<b>Net book value</b>					
At 31 March 2014	11,347	17,150	79,740	3,836,870	546,910
At 31 March 2013	11,263	19,783	90,818	3,814,058	508,064

The disclosure for PPP assets is for information only. The costs and depreciation are included in 'Other Land and Buildings'.



## NOTES TO THE FINANCIAL STATEMENTS

### 14. Property, Plant and Equipment - continued

#### 14.7 Council Dwellings, Other Land and Buildings and Investment Properties

The Council carries out a rolling programme of revaluations that ensures that all property, plant and equipment required to be measured at fair value is revalued at least every five years. All valuations were carried out internally. Valuations of land and buildings were carried out under the direction of the Council's Estate Manager (Projects), S. Sladdin RICS, in accordance with the Statements of Asset Valuation Practice and Guidance Notes of The Royal Institution of Chartered Surveyors. Fixtures and fittings are included in the valuation of the buildings where appropriate.

The significant assumptions applied in estimating fair value are:

- Unless otherwise stated, all properties with a greater than de minimis value were assumed to be in a reasonable state of repair and have a life expectancy of more than fifty years.
- The valuations were prepared using information from the Council's internal records, together with the valuation roll produced by Lothian Valuation Joint Board.
- Not all properties were inspected.

The following statement shows the progress of the Council's five-year rolling programme for the revaluation of property, plant and equipment.

<b>Council assets</b>	<b>Council Dwellings £000</b>	<b>Other Land and Buildings £000</b>	<b>Vehicles, Plant, Furniture and Equipment £000</b>	<b>Infrastructure Assets £000</b>
Carried at historical cost	29,119	59,968	98,551	1,344,090
Valued at fair value as at:				
31 March 2015	1,425	271,816	67,674	0
31 March 2014	1,013,882	450,255	125	0
31 March 2013	392	683,147	850	0
31 March 2012	0	238,880	0	0
31 March 2011	2,333	79,610	0	0
<b>Total cost or valuation</b>	<b>1,047,151</b>	<b>1,783,676</b>	<b>167,200</b>	<b>1,344,090</b>

<b>Council assets</b>	<b>Community Assets £000</b>	<b>Surplus Assets £000</b>	<b>Assets Under Construction £000</b>	<b>Total £000</b>
Carried at historical cost	12,192	51	50,330	1,594,301
Valued at fair value as at:				
31 March 2015	0	1,175	0	342,090
31 March 2014	0	0	0	1,464,262
31 March 2013	0	5,008	0	689,397
31 March 2012	0	0	0	238,880
31 March 2011	0	6,400	0	88,343
<b>Total cost or valuation</b>	<b>12,192</b>	<b>12,634</b>	<b>50,330</b>	<b>4,417,273</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 15. Investment Properties

#### 15.1 Income and Expenses on Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

	2014/15		2013/14	
	Group £000	Council £000	Group £000	Council £000
Rental income from investment properties	(387)	(387)	(212)	(212)
Direct operating expenses arising from investment property	68	68	0	0
	<u>(319)</u>	<u>(319)</u>	<u>(212)</u>	<u>(212)</u>

There are no restrictions on the Council's ability to realise the value inherent in its investment properties or on the Council's right to the remittance of income and the proceeds of disposal.

#### 15.2 Movement in Fair Value

The following table summarises the movement in the fair value of investment properties over the year.

	2014/15		2013/14	
	Group £000	Council £000	Group £000	Council £000
Value at 1 April	2,415	2,215	2,640	2,215
Additions:				
- Subsequent expenditure	0	0	51	0
Disposals	0	0	0	0
Net (loss) / gain from fair value adjustments	13,889	13,889	(276)	0
Transfers	0	0	0	0
- (to) / from Inventories	0	0	0	0
- (to) / from Property, Plant and Equipment	0	0	0	0
- (to) / from Assets Held for Sale	0	0	0	0
Value at 31 March	<u>16,304</u>	<u>16,104</u>	<u>2,415</u>	<u>2,215</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 16. Intangible Assets

Intangible assets mainly represent purchased software licences.

Software is given a finite useful life based on the period of the licence purchased.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £0.710m in 2014/15 (2013/14 £0.257m) was charged to the following services.

	<b>2014/15</b>	<b>2013/14</b>
	<b>£000</b>	<b>£000</b>
Education services	56	44
Cultural and related services	0	32
Social Work	12	168
Services to the Public	642	13
Total amortisation	<u>710</u>	<u>257</u>

The movement on intangible asset balances during the year is as follows:

	<b>2014/15</b>		<b>2013/14</b>	
	<b>Group</b>	<b>Council</b>	<b>Group</b>	<b>Council</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance at 1 April				
Gross carrying amount	6,185	6,185	3,049	3,049
Less: Accumulated amortisation	<u>(2,893)</u>	<u>(2,893)</u>	<u>(2,636)</u>	<u>(2,636)</u>
Net carrying amount at 1 April	3,292	3,292	413	413
Additions during the year				
- Purchased intangible assets	2,372	2,372	3,167	3,167
Impairment during the year	0	0	(31)	(31)
Amortisation for the period	<u>(710)</u>	<u>(710)</u>	<u>(257)</u>	<u>(257)</u>
Net carrying amount at 31 March	<u>4,954</u>	<u>4,954</u>	<u>3,292</u>	<u>3,292</u>
Comprising:				
Gross carrying amounts	8,557	8,557	6,185	6,185
Accumulated amortisation	<u>(3,603)</u>	<u>(3,603)</u>	<u>(2,893)</u>	<u>(2,893)</u>
Net carrying amount at 31 March	<u>4,954</u>	<u>4,954</u>	<u>3,292</u>	<u>3,292</u>

The following items of capitalised software are individually material within intangible assets.

	<b>Carrying Amount</b>		<b>Remaining</b>
	<b>2014/15</b>	<b>2013/14</b>	<b>Amortisation</b>
	<b>£000</b>	<b>£000</b>	<b>Period</b>
Master data management software	887	717	31.03.15 4 years
Web-based solution software, including web forms	953	683	4 years
Integration engine software	846	633	4 years
Customer relationship management solutions	1,687	631	4 years
Security management software	285	357	4 years

## NOTES TO THE FINANCIAL STATEMENTS

### 17. Heritage Assets

#### 17.1 Reconciliation of the Carrying Value of Heritage Assets Movements in 2014/15

	<b>Monuments and Statues £000</b>	<b>Civic Regalia and Artefacts £000</b>	<b>Archival Collections £000</b>
<b>Cost or Valuation</b>			
At 1 April 2014	576	2,047	6,797
Additions	44	0	0
Revaluation increases / (decreases) recognised in the Revaluation Reverse	0	0	0
Revaluation increases / (decreases) recognised in the Surplus on the Provision of Services	(7)	0	0
At 31 March 2015	<u>613</u>	<u>2,047</u>	<u>6,797</u>
<b>Accumulated Impairment</b>			
At 1 April 2014	<u>0</u>	<u>0</u>	<u>0</u>
At 31 March 2015	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net book value</b>			
At 31 March 2015	<u>613</u>	<u>2,047</u>	<u>6,797</u>
At 31 March 2014	<u>576</u>	<u>2,047</u>	<u>6,797</u>
	<b>Libraries' Special Collections £000</b>	<b>Museum and Gallery Collections £000</b>	<b>Total Heritage Assets £000</b>
<b>Cost or Valuation</b>			
At 1 April 2014	1,675	19,296	30,391
Additions	0	0	44
Revaluation increases / (decreases) recognised in the Revaluation Reverse	300	347	647
Revaluation increases / (decreases) recognised in the Surplus on the Provision of Services	0	0	(7)
At 31 March 2015	<u>1,975</u>	<u>19,643</u>	<u>31,075</u>
<b>Accumulated Impairment</b>			
At 1 April 2014	<u>0</u>	<u>0</u>	<u>0</u>
At 31 March 2015	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net book value</b>			
At 31 March 2015	<u>1,975</u>	<u>19,643</u>	<u>31,075</u>
At 31 March 2014	<u>1,675</u>	<u>19,296</u>	<u>30,391</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 17. Heritage Assets - continued

#### 17.1 Reconciliation of the Carrying Value of Heritage Assets - continued 2013/14 Comparative Data

	<b>Monuments and Statues £000</b>	<b>Civic Regalia and Artefacts £000</b>	<b>Archival Collections £000</b>
<b>Cost or Valuation</b>			
At 1 April 2013	423	2,047	6,797
Additions	153	0	0
Revaluation increases / (decreases) recognised in the Surplus on the Provision of Services	0	0	0
Revaluation increases / (decreases) recognised in the Surplus on the Provision of Services	0	0	0
At 31 March 2014	<u>576</u>	<u>2,047</u>	<u>6,797</u>
<b>Accumulated Impairment</b>			
At 1 April 2013	<u>0</u>	<u>0</u>	<u>0</u>
At 31 March 2014	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net book value</b>			
At 31 March 2014	<u>576</u>	<u>2,047</u>	<u>6,797</u>
At 31 March 2013	<u>423</u>	<u>2,047</u>	<u>6,797</u>
	<b>Libraries' Special Collections £000</b>	<b>Museum and Gallery Collections £000</b>	<b>Total Heritage Assets £000</b>
<b>Cost or Valuation</b>			
At 1 April 2013	1,675	19,296	30,238
Additions	0	0	153
Revaluation increases / (decreases) recognised in the Surplus on the Provision of Services	0	0	0
Revaluation increases / (decreases) recognised in the Surplus on the Provision of Services	0	0	0
At 31 March 2014	<u>1,675</u>	<u>19,296</u>	<u>30,391</u>
<b>Accumulated Impairment</b>			
At 1 April 2013	<u>0</u>	<u>0</u>	<u>0</u>
At 31 March 2014	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net book value</b>			
At 31 March 2014	<u>1,675</u>	<u>19,296</u>	<u>30,391</u>
At 31 March 2013	<u>1,675</u>	<u>19,296</u>	<u>30,238</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 17. Heritage Assets - continued

#### 17.2 Details of Heritage Assets

- Monuments and Statues are valued on an historic basis and valuations are carried out under the direction of the Council's Estate Manager (Projects).
- Civic Regalia and artefacts include items such as the Lord Provost's Badge and Chain of Office and the Rosebery Jewel. The value of these assets is based on an insurance purposes valuation carried out in 1998.
- Archival collections include historical records which relate to the history of Edinburgh and its surrounding areas. The value of these assets is based on a current insurance purposes valuation based on restoration costs only. This valuation has not changed since 2008/09.
- Libraries special collections include items such as rare book collections and pictures in Calotype. The value of these assets is based on an insurance purposes valuation carried out in 2007 with a minor proportions valuation being updated in 2014.
- Museums and Gallery collections include various collections held at a number of museums across Edinburgh. They include items held within the Social History, Applied Art, Writers Museum, Childhood, City Art Centre and Picture Loan Scheme. The value of these assets is based on insurance purposes valuations carried out in 2003 along with a minor proportions valuation being updated in 2014. A small minority of the assets are based on insurance purposes valuations carried out in 1996.
- The valuations for heritage assets have all been carried out internally and although they are from earlier periods, they are considered the most appropriate and relevant. Carrying out valuations for the majority of collections held is very costly and time consuming so it is not practicable to obtain recent valuations at a cost which is commensurate with the benefits to users of the financial statements. The carrying amounts of these heritage assets will be reviewed with sufficient regularity in the future to ensure they are brought up to date and remain appropriate.
- It has not been practical or possible to split out all heritage assets belonging to common good, charities or trusts. Therefore, the Council's balance sheet may hold this element of heritage assets that belong to other entities.
- The Council has three private vehicle registration plates which meet the definition of intangible heritage assets. These have not been recognised on the balance sheet due to lack of information on cost or current value. They are limited registration numbers that rarely become available for sale and therefore no relevant or appropriate current value can be placed on these.

### 18. Financial Instruments

#### 18.1 Categories of Financial Instruments

The following categories of financial instrument are carried on the Council's Balance Sheet

	Long-Term		Current	
	31.03.15	31.03.14	31.03.15	31.03.14
	£000	£000	£000	£000
<b>Investments</b>				
Loans and receivables	0	0	99,286	40,077
Unquoted equity investment at cost	23,335	23,335	0	0
Total investments	23,335	23,335	99,286	40,077
<b>Debtors</b>				
Loans and receivables	4,374	3,500	37,522	29,892
Total debtors	4,374	3,500	37,522	29,892
<b>Borrowings</b>				
Financial liabilities (principal amount)	(1,351,533)	(1,394,588)	(64,341)	(41,495)
Accrued interest	0	0	(17,856)	(18,293)
Cost of amortisation	(9,074)	(9,196)	33	0
Total borrowings	<u>(1,360,607)</u>	<u>(1,403,784)</u>	<u>(82,164)</u>	<u>(59,788)</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 18. Financial Instruments - continued

#### 18.1 Categories of Financial Instruments - continued

	Long-Term	
	31.03.15	31.03.14
	£000	£000
<b>Other Long-Term Liabilities</b>		
PPP and finance lease liabilities	(226,589)	(200,021)
Deferred liability	(350)	(350)
Total other long-term liabilities	<u>(226,939)</u>	<u>(200,371)</u>

Further detail on the finance lease and PPP liabilities can be seen in notes 40 and 41.

	Current	
	31.03.15	31.03.14
	£000	£000
<b>Creditors</b>		
Financial liabilities at amortised cost	(18,597)	(11,141)
PPP and finance leases due within 1 year	(10,736)	(8,821)
Total creditors	<u>(29,333)</u>	<u>(19,962)</u>

Lothian Regional Council entered into an agreement for the disposal of Norton Park Annex to the Tudor Trust. The terms of the disposal included the creation of a Title Company with share capital of 100 ordinary shares, held by the Tudor Trust, and 350,000 £1 preference shares held by City of Edinburgh Council. The preference shares carry rights that, in the event of the company being wound up or the property sold, the Council will receive the first £0.35m of the sale proceeds. This is reflected in the Balance Sheet as 'Other Long-term Liabilities' of £0.35m, as shown above and as a long-term investment.

#### 18.2 Income, Expenses, Gains and Losses

	Financial Liabilities: Measured at Amortised Cost £000	Financial Assets: Loans and Receivables £000	Total £000
Interest expense	76,522	33	76,555
Impairment losses	0	(238)	(238)
Total expense in Surplus on the Provision of Services	<u>76,522</u>	<u>(205)</u>	<u>76,317</u>
Interest income	0	684	684
Net gain for the year	<u>76,522</u>	<u>479</u>	<u>77,001</u>

In addition to the above interest expense, £1.887m (2013/14 £1.877m) was charged to the loans pool from the financial instruments adjustment account during the year, but not reflected in the Comprehensive Income and Expenditure Statement. It also excludes £0.279m (2013/14 £0.317m) of loans fund expenses charged to the Council.

#### 18.3 Fair Value of Assets and Liabilities

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- the fair values for financial liabilities have been determined by reference to the Public Works Loans Board (PWL B) redemption rules and prevailing PWLB redemption rates as at each Balance Sheet date.

## NOTES TO THE FINANCIAL STATEMENTS

### 18. Financial Instruments - continued

#### 18.3 Fair Value of Assets and Liabilities - continued

- for loans and receivables, the prevailing benchmark market rates have been used to provide the fair value.
- no early repayment of impairment is recognised.
- where no instrument will mature in the next twelve months, carrying amount is assumed to approximate to fair value.
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values are calculated as follows:

	31.03.15		31.03.14	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Public Works Loans Board	(1,128,116)	(1,562,608)	(1,156,294)	(1,414,394)
European Investment Bank	(1,813)	(1,813)	0	0
Market debt	(293,496)	(495,419)	(293,515)	(315,636)
Temporary borrowing	(16,469)	(16,469)	(11,969)	(11,969)
Other bodies	(2,876)	(2,876)	(1,793)	(1,793)
Other long-term liabilities	(350)	(350)	(350)	(350)
Trade creditors	(18,597)	(18,597)	(11,141)	(11,141)
Finance Leases	(237,325)	(237,325)	(208,842)	(208,842)
Financial liabilities	<u>(1,699,042)</u>	<u>(2,335,457)</u>	<u>(1,683,904)</u>	<u>(1,964,125)</u>

The fair value is higher than the carrying amount because the authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date. This commitment to pay interest above current market rates increases the amount that the authority would have to pay if the lender requested or agreed to early repayment of the loans.

	31.03.15		31.03.14	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
<b>Investments</b>				
Loans and receivables	99,286	99,286	40,077	40,077
Unquoted equity investment at cost	23,335	23,335	23,335	23,335
<b>Debtors</b>				
Loans and receivables	4,374	4,374	3,500	3,500
Other trade debtors	37,522	37,522	29,892	29,892
Total Investments	<u>164,517</u>	<u>164,517</u>	<u>96,804</u>	<u>96,804</u>

### 19. Inventories

#### 19.1 Group - Movements in 2014/15

	Fuel Stocks £000	Items Provided at Nil or Nominal Charge £000	Construction and Other Raw Materials £000	Items Held for Sale £000
Balance at 1 April	591	831	1,424	89
Purchases	26,043	2,906	23,433	329
Held by a third party	0	33	0	0
Recognised as an expense in the year	(26,134)	(2,605)	(23,466)	(326)
Stock written off	0	0	0	(1)
Balance at 31 March	<u>500</u>	<u>1,165</u>	<u>1,391</u>	<u>91</u>



## NOTES TO THE FINANCIAL STATEMENTS

### 19. Inventories - continued

#### 19.1 Group - Movements in 2014/15 - continued

	Work in Progress £000	Clothing and Equipment £000	Catering Stocks £000	Total £000
Balance at 1 April	14,081	79	125	17,220
Purchases	(2)	271	2,630	55,610
Held by a third party	0	0	0	33
Recognised as an expense in the year	(5,393)	(260)	(2,621)	(60,805)
Stock written off	0	0	0	(1)
Balance at 31 March	<u>8,686</u>	<u>90</u>	<u>134</u>	<u>12,057</u>

#### 19.2 Group - Comparative Movements in 2013/14

	Fuel Stocks £000	Items Provided at Nil or Nominal Charge £000	Construction and Other Raw Materials £000	Items Held for Sale £000
Balance at 1 April	389	742	1,494	79
Purchases	27,174	2,031	24,371	321
Held by a third party	0	27	0	0
Recognised as an expense in the year	(26,972)	(1,969)	(24,441)	(310)
Stock written off	0	0	0	(1)
Balance at 31 March	<u>591</u>	<u>831</u>	<u>1,424</u>	<u>89</u>

	Work in Progress £000	Clothing and Equipment £000	Catering Stocks £000	Total £000
Balance at 1 April	9,933	74	113	12,824
Purchases	4,173	199	2,570	60,839
Held by a third party	0	0	0	27
Recognised as an expense in the year	(25)	(194)	(2,558)	(56,469)
Stock written off	0	0	0	(1)
Balance at 31 March	<u>14,081</u>	<u>79</u>	<u>125</u>	<u>17,220</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 19. Inventories - continued

#### 19.3 Council - Movements in 2014/15

	<b>Fuel Stocks £000</b>	<b>Items Provided at Nil or Nominal Charge £000</b>	<b>Construction and Other Raw Materials £000</b>	<b>Items Held for Sale £000</b>
Balance at 1 April	165	831	1,242	89
Purchases	2,771	2,906	8,081	329
Held by a third party	0	33	0	0
Recognised as an expense in the year	(2,822)	(2,605)	(8,168)	(326)
Stock written off	0	0	0	(1)
Balance at 31 March	<u>114</u>	<u>1,165</u>	<u>1,155</u>	<u>91</u>

	<b>Work in Progress £000</b>	<b>Clothing and Equipment £000</b>	<b>Catering Stocks £000</b>	<b>Total £000</b>
Balance at 1 April	6	79	125	<b>2,537</b>
Purchases	(2)	271	2,630	<b>16,986</b>
Held by a third party	0	0	0	<b>33</b>
Recognised as an expense in the year	(4)	(260)	(2,621)	<b>(16,806)</b>
Stock written off	0	0	0	<b>(1)</b>
Balance at 31 March	<u>0</u>	<u>90</u>	<u>134</u>	<u><b>2,749</b></u>

#### 19.4 Council - Comparative Movements in 2013/14

	<b>Fuel Stocks £000</b>	<b>Items Provided at Nil or Nominal Charge £000</b>	<b>Construction and Other Raw Materials £000</b>	<b>Items Held for Sale £000</b>
Balance at 1 April	170	742	1,200	79
Purchases	2,997	2,031	8,013	321
Held by a third party	0	27	0	0
Recognised as an expense in the year	(3,002)	(1,969)	(7,971)	(310)
Stock written off	0	0	0	(1)
Balance at 31 March	<u>165</u>	<u>831</u>	<u>1,242</u>	<u>89</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 19. Inventories - continued

#### 19.4 Council - Comparative Movements in 2013/14

	Work in Progress £000	Clothing and Equipment £000	Catering Stocks £000	Total £000
Balance at 1 April	8	74	113	2,386
Purchases	23	199	2,570	16,154
Held by Third Party	0	0	0	27
Recognised as an expense in the year	(25)	(194)	(2,558)	(16,029)
Stock written off	0	0	0	(1)
Balance at 31 March	6	79	125	2,537

### 20. Debtors

#### 20.1 Long-term Debtors

	2014/15		2013/14	
	Group £000	Council £000	Group £000	Council £000
Central government bodies	34,865	34,865	35,629	35,629
Other local authorities	1,142	1,142	0	0
NHS bodies	97	97	0	0
Public corporations and trading funds	0	0	0	0
Other entities and individuals	190,604	194,104	239,230	242,730
Total long-term debtors before provision for impairment	226,708	230,208	274,859	278,359
Less: Provision for impairment	(113,562)	(113,562)	(179,093)	(179,093)
Total net long-term debtors	113,146	116,646	95,766	99,266

#### 20.2 Analysis of Long-term Debtors

Long-term debtors comprise the following elements:

	2014/15		2013/14	
	Group £000	Council £000	Group £000	Council £000
Capital advances				
Police Scotland	18,262	18,262	20,351	20,351
Fire Scotland	3,192	3,192	4,467	4,467
Council Tax	91,519	91,519	86,448	86,448
Community Charge	0	0	72,458	72,458
Non-Domestic Rates	1,757	1,757	1,590	1,590
CEC Holdings	0	3,500	0	3,500
Edinburgh Marketing loan	0	0	9	9
NHT Loans (see note 34.3)	45,665	45,665	35,969	35,969
House rents	3,194	3,194	3,528	3,528
Car loan scheme	146	146	150	150
Other debtors	62,973	62,973	49,889	49,889
	226,708	230,208	274,859	278,359

Long-term debtors include £18.262m (2013/14 £20.351m) and £3.192m (2013/14 £4.467m) for sums recoverable from Police Scotland and Fire Scotland respectively. These sums relate to monies advanced to the former joint boards for capital expenditure.

The Community Charge Debt (Scotland) Act 2015 was passed on 19 February 2015, bringing to an end the collection of Community Charge in Scotland. The Council has written off the Community Charge debtor in full during the financial year.

## NOTES TO THE FINANCIAL STATEMENTS

### 20. Debtors - continued

#### 20.3 Current Debtors

	2014/15		2013/14	
	Group £000	Council £000	Group £000	Council £000
Central government bodies	27,582	25,294	51,465	49,860
Other local authorities	3,682	2,836	6,845	6,250
NHS bodies	1,645	1,645	989	989
Public corporations and trading funds	86	86	2,493	2,493
Other entities and individuals	140,137	130,427	153,649	145,843
Total current debtors before provision for impairment	173,132	160,288	215,441	205,435
Less: Provision for impairment	(90,665)	(90,665)	(91,841)	(91,833)
Total net current debtors	82,467	69,623	123,600	113,602

#### 20.4 Provision for Impairment

	2014/15		2013/14	
	Group £000	Council £000	Group £000	Council £000
<b>Long-term provision for impairment</b>				
Community charge	0	0	(72,459)	(72,459)
Council tax	(87,720)	(87,720)	(82,863)	(82,863)
Non-Domestic rates	(1,362)	(1,362)	(1,208)	(1,208)
Sundry debtors	(24,480)	(24,480)	(22,563)	(22,563)
Total long-term provision for impairment	(113,562)	(113,562)	(179,093)	(179,093)
<b>Current provision for impairment</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Community charge	0	0	(30)	(30)
Council tax	(80,090)	(80,090)	(79,410)	(79,410)
Non-Domestic rates	(190)	(190)	(342)	(342)
Sundry debtors	(10,385)	(10,385)	(12,059)	(12,051)
Total current provision for impairment	(90,665)	(90,665)	(91,841)	(91,833)

### 21. Cash and Cash Equivalents

The balance of cash and cash equivalents comprises the following elements. Investments maturing within three months of the balance sheet are deemed to be cash and cash equivalents.

	2014/15		2013/14	
	Group £000	Council £000	Group £000	Council £000
Cash held	385	385	389	389
Bank current accounts	(4,167)	(17,723)	1,588	(15,712)
Short-term deposits:				
With banks or building societies	65,007	65,007	25,432	25,432
With other local authorities	0	0	0	0
With money market fund	29,131	29,131	8,234	8,234
With treasury bills	2,565	2,565	1,824	1,824
Other	2,583	2,583	0	0
	95,504	81,948	37,467	20,167

## NOTES TO THE FINANCIAL STATEMENTS

### 22. Assets Held for Sale

	2014/15		2013/14	
	Group £000	Council £000	Group £000	Council £000
<b>22.1 Non-Current Assets</b>				
Balance at 1 April	17,379	17,379	19,551	19,551
Additions	95	95	78	78
Revaluation gains/(losses) recognised in the revaluation reserve	8,200	8,200	450	450
Revaluation gains/(losses) recognised in Surplus on the Provision of Services	(537)	(537)	0	0
Assets reclassified as held for sale: Property, Plant and Equipment	5,585	5,585	180	180
Assets sold	(2,697)	(2,697)	(2,571)	(2,571)
Transfers from non-current to current	(6,846)	(6,846)	(309)	(309)
Balance at 31 March	<u>21,179</u>	<u>21,179</u>	<u>17,379</u>	<u>17,379</u>

	2014/15		2013/14	
	Group £000	Council £000	Group £000	Council £000
<b>22.2 Current Assets</b>				
Balance at 1 April	2,889	2,889	5,273	5,273
Additions	22	22	24	24
Revaluation gains/(losses) recognised in the revaluation reserve	149	149	(226)	(226)
Revaluation gains/(losses) recognised in Surplus on the Provision of Services	0	0	(2)	(2)
Assets reclassified as held for sale: Property, Plant and Equipment	1,190	1,190	150	150
Assets sold	(2,593)	(2,593)	(2,639)	(2,639)
Transfers from non-current to current	6,846	6,846	309	309
Balance at 31 March	<u>8,503</u>	<u>8,503</u>	<u>2,889</u>	<u>2,889</u>

### 23. Creditors

	2014/15		2013/14	
	Group £000	Council £000	Group £000	Council £000
Central government bodies	(21,683)	(18,393)	(25,157)	(20,518)
Other local authorities	(15,305)	(14,296)	(11,419)	(12,544)
NHS bodies	(660)	(660)	(620)	(614)
Public corporations and trading funds	(2,426)	(2,426)	(3,528)	(3,528)
Other entities and individuals	(129,771)	(105,410)	(133,051)	(114,409)
	<u>(169,845)</u>	<u>(141,185)</u>	<u>(173,775)</u>	<u>(151,613)</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 24. Provisions

Provision has been made within the Group Financial Statements for outstanding payments of £19.769m (2013/14 £19.577m).

Of this amount, £17.993m (2013/14 £16.752m) relates to the Council. These include estimates of settlements on outstanding equal pay, compensation, insurance and other claims, land acquisition costs for the tram project and Council Tax discounts that require to be set aside for housing projects. The precise amount of these payments is unknown, however, provision has been made in the accounts, as summarised below. based on the Council's assessment of the costs.

	<b>Trams £000</b>	<b>Equal Pay Claims £000</b>	<b>Council Tax Discounts £000</b>
Balance at 1 April 2014	(4,418)	(4,679)	(1,766)
Additional provisions made during the year	(119)	0	0
Amounts used during the year	314	1,336	0
Transferred to debtor impairments	0	0	0
Unused amounts reversed during the year	594	698	254
Balance at 31 March 2015	<u>(3,629)</u>	<u>(2,645)</u>	<u>(1,512)</u>
	<b>Housing Benefit Subsidy £000</b>	<b>Insurance Claims £000</b>	<b>Other Provisions £000</b>
Balance at 1 April 2014	(170)	(120)	(5,599)
Additional provisions made during the year	0	(173)	(5,005)
Amounts used during the year	170	116	558
Transferred to debtor impairments	0	0	0
Unused amounts reversed during the year	0	0	16
Balance at 31 March 2015	<u>0</u>	<u>(177)</u>	<u>(10,030)</u>
	<b>Total Council Provisions £000</b>	<b>Group Provisions £000</b>	<b>Total Provisions £000</b>
Balance at 1 April 2014	(16,752)	(2,825)	(19,577)
Additional provisions made during the year	(5,297)	0	(5,297)
Amounts used during the year	2,494	1,049	3,543
Transferred from other long-term liabilities	0	0	0
Unused amounts reversed during the year	1,562	0	1,562
Balance at 31 March 2015	<u>(17,993)</u>	<u>(1,776)</u>	<u>(19,769)</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 25. Usable Reserves

Movements in the Group and the Council's usable reserves are detailed in the Movement in Reserves Statement (on pages 14 to 16) and Note 10.

### 26. Unusable Reserves

#### 26.1 Summary of Unusable Reserves

Balance as at:

	<b>31 March 2015 £000</b>	<b>31 March 2014 £000</b>
Revaluation Reserve	911,395	918,790
Capital Adjustment Account	1,339,227	1,306,580
Financial Instruments Adjustment Account	(49,159)	(51,049)
Pensions Reserve	(726,969)	(535,498)
Employee Statutory Adjustment Account	<u>(20,738)</u>	<u>(26,357)</u>
Total Council Unusable Reserves	1,453,756	1,612,466
Subsidiaries, Associates and Joint Ventures	<u>99,107</u>	<u>108,949</u>
Total Group Unusable Reserves	<u><u>1,552,863</u></u>	<u><u>1,721,415</u></u>

#### 26.2 Revaluation Reserve

The revaluation reserve contains the gains made by the Council arising from increases in the value of its property, plant and equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

The reserve contains unrealised gains accumulated since 1 April 2007, the date the reserve was created. Accumulated gains arising before 1 April 2007 were consolidated into the capital adjustment account.

	<b>2014/15 £000</b>	<b>2013/14 £000</b>
Balance at 1 April	918,790	901,436
Upward revaluation of assets	49,478	98,837
Downward revaluation of assets and impairment losses not charged to the Surplus on the Provision of Services	(30,408)	(49,625)
Surplus on revaluation of non-current assets not posted to the Surplus on the Provision of Service	19,070	49,212
Difference between fair value depreciation and historical cost depreciation	(19,524)	(19,541)
Accumulated gains on assets sold	<u>(6,941)</u>	<u>(12,317)</u>
Amount written off to the capital adjustment account	(26,465)	(31,858)
Balance at 31 March	<u><u>911,395</u></u>	<u><u>918,790</u></u>

## NOTES TO THE FINANCIAL STATEMENTS

### 26. Unusable Reserves - continued

#### 26.3 Capital Adjustment Account

The capital adjustment account provides a balancing mechanism for timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (CIES) (with reconciling postings from the revaluation reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Council to finance the costs for acquisition, construction and enhancement of non-current assets. The account also holds accumulated gains and losses on investment properties and evaluation gains accumulated on property, plant and equipment prior to 1 April 2007.

Note 9 provides details of the source of the transactions posted to this account, except those involving the revaluation reserve.

	2014/15 £000	2013/14 £000
Balance at 1 April	1,306,580	1,301,035
<u>Reversal of items relating to capital expenditure debited or credited to the CIES</u>		
Charges for depreciation and impairment of non-current assets	(135,488)	(129,145)
Revaluation losses on property, plant and equipment heritage assets and assets held for sale	(13,577)	(63,992)
Amortisation of intangible assets	(710)	(288)
Capital funded from revenue	5,674	3,957
Revenue exp. funded from capital under statute	(32,641)	(30,365)
Amounts of non-current assets written off on disposal or sale as part of the gain / loss on disposal to the CIES	4,716	(3,652)
	<u>(172,026)</u>	<u>(223,485)</u>
Adjusting amounts written out of the revaluation reserve	26,465	31,858
	<u>(145,561)</u>	<u>(191,627)</u>
Net written out amount of the costs of non-current assets consumed in the year		
<u>Capital financing applied in the year:</u>		
Use of the capital receipts reserve to finance new capital expenditure	21,479	16,707
Capital grants and contributions credited to the CIES that have been applied to capital financing	66,101	85,324
Application of grants from the capital grants unapplied account / capital fund	943	5,037
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	90,653	86,891
Capital expenditure charged against the General Fund and HRA balances	32,641	30,365
	<u>211,817</u>	<u>224,324</u>
Movements in the market value of investment properties credited to the CIES	13,889	0
Other unrealised losses debited to the CIES	<u>(47,498)</u>	<u>(27,152)</u>
Balance at 31 March	<u><u>1,339,227</u></u>	<u><u>1,306,580</u></u>



## NOTES TO THE FINANCIAL STATEMENTS

### 26. Unusable Reserves - continued

#### 26.4 Financial Instruments Adjustment Account

The financial instruments adjustment account provides a balancing mechanism between the different rates at which gains and losses (such as premiums on the early repayment of debt) are recognised under the Code and are required by statute to be met from the General Fund and Housing Revenue Account. This account also holds the equivalent interest rate adjustment on lender option / borrower option loans.

	2014/15 £000	2013/14 £000
Balance at 1 April	(51,049)	(52,716)
Proportion of premiums incurred in previous financial years to be charged against the General Fund and HRA balances in accordance with statutory requirements	1,877	1,876
Proportion of equivalent interest rate calculation on lender option / borrower option loans (LOBOs)	18	(216)
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in accordance with statutory requirements	1,895	1,660
Difference between actual interest paid and interest rate assumed in equivalent interest rate calculation on transition	(5)	7
Balance at 31 March	<u>(49,159)</u>	<u>(51,049)</u>

The Council operates a loans pool on behalf of the General Fund and Housing Revenue Account. With the transfer of responsibility for Police and Fire services to the new national bodies, all movements are now reflected on the Council's Balance Sheet. An element of the cost, however, is recovered through the pooled interest rate and therefore there is no financial impact on the Council.

#### 26.5 Pensions Reserve

The pensions reserve provides a balancing mechanism arising from the different arrangements for accounting for post employment benefits (pension costs) and for funding pensions in accordance with statutory provisions. The Council accounts for pensions in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

Statutory arrangements, however, require benefits to be financed as the Council makes its contributions to Lothian Pension Fund or pays any pensions for which it is directly responsible.

The debit balance on the pension reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources that the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits require to be paid.

## NOTES TO THE FINANCIAL STATEMENTS

### 26. Unusable Reserves - continued

#### 26.5 Pensions Reserve - continued

	<b>2014/15</b>	<b>2013/14</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 April	(535,498)	(450,585)
Actuarial gains or losses on pension assets and liabilities	(156,748)	(60,621)
Reversal of items relating to retirement benefits debited or credited to the Surplus on the Provision of Services in the Comprehensive Income and Expenditure Statement	(96,082)	(84,447)
Employer's pension contributions and direct payments to pensioners payable in the year	61,359	60,155
	<u>                    </u>	<u>                    </u>
Balance at 31 March	<u><u>(726,969)</u></u>	<u><u>(535,498)</u></u>

#### 26.6 Employee Statutory Adjustment Account

The employee statutory adjustment account provides a balancing mechanism arising from the different arrangements that would otherwise impact on the General Fund and HRA balances from accruing for compensated absences earned but not taken in the year (annual leave entitlement carried forward at 31 March). Statutory arrangements require that the impact on the General Fund and HRA balances is mitigated by transfers to or from this account.

The amount accrued at the end of the 2014/15 is £5.619m lower than the previous year. This is mainly attributable to policy changes to the amount of unused leave that can be carried forward from year to year.

		<b>2014/15</b>	<b>2013/14</b>
		<b>£000</b>	<b>£000</b>
Balance at 1 April		(26,357)	(16,760)
Settlement or cancellation of accrual made at the end of the preceding year	26,357	16,760	
Amount accrued at the end of the current year	<u>(20,738)</u>	<u>(26,357)</u>	
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		5,619	(9,597)
		<u>                    </u>	<u>                    </u>
Balance at 31 March		<u><u>(20,738)</u></u>	<u><u>(26,357)</u></u>

## NOTES TO THE FINANCIAL STATEMENTS

### 26. Unusable Reserves - continued

#### 26.7 Unusable Reserves - Group Members

	Balance as at:	
	31 March 2015 £000	31 March 2014 £000
<b>Subsidiaries</b>		
CEC Holdings Limited		
Capital adjustment account	64,465	64,465
Capital contribution	12,267	11,419
Transport for Edinburgh		
Revaluation reserve	6,337	6,477
Non Controlling Interest	5,598	7,325
Other Unusable Reserves	(4,457)	0
<b>Total Unusable Reserves - Subsidiaries</b>	<b>84,210</b>	<b>89,686</b>
<b>Associates and Joint Ventures</b>		
Common Good		
Capital adjustment account	(22)	(20)
Revaluation reserve	21,860	23,928
Lothian Valuation Joint Board		
Capital adjustment account	385	351
Employee statutory adjustment account	(59)	(54)
Pension reserve	(7,267)	(4,942)
<b>Total Unusable Reserves - Associates and Joint Ventures</b>	<b>14,897</b>	<b>19,263</b>
<b>Total Usable Reserves - Subsidiaries, Associates and Joint Ventures</b>	<b>99,107</b>	<b>108,949</b>

### 27. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

	2014/15		2013/14	
	Group £000	Council £000	Group £000	Council £000
Interest received	(3,243)	(3,013)	(1,871)	(1,651)
Interest paid	96,112	95,646	96,806	96,313
Dividends received	(8,437)	(8,437)	(3,000)	(3,000)

## NOTES TO THE FINANCIAL STATEMENTS

### 28. Cash Flow Statement - Investing Activities

	2014/15		2013/14	
	Group £000	Council £000	Group £000	Council £000
Purchase of property, plant and equipment, investment property and intangible assets	157,496	142,282	225,602	218,468
Other payments for investing activities	60,064	51,133	48,943	42,261
Proceeds from the sale of property, plant and equip., inv. property and intangible assets	(16,766)	(16,499)	(17,566)	(16,495)
Net proceeds from short- and long-term investments	(4,586)	(4,586)	(2,292)	(2,292)
Other receipts from investing activities	(13,330)	(13,329)	(13,396)	(13,322)
Net cash flows from investing activities	<u>182,878</u>	<u>159,001</u>	<u>241,291</u>	<u>228,620</u>

### 29. Cash Flow Statement - Financing Activities

	2014/15		2013/14	
	Group £000	Council £000	Group £000	Council £000
Cash receipts of short- and long-term borrowing	(48,189)	(47,342)	(13,245)	(11,563)
Other payments for / (receipts) from financing activities	1,263	1,263	1,576	1,576
Cash payments for the reduction of the outstanding liabilities relating to finance leases	12,317	9,695	14,102	9,923
Repayments of short- and long-term borrowing	30,454	30,454	29,057	29,057
Net cash flows from investing activities	<u>(4,155)</u>	<u>(5,930)</u>	<u>31,490</u>	<u>28,993</u>

### 30. Analysis of Change in Financing Activities

	Balance 01.04.14 £000	Cash Trans. £000	Non Cash Trans. £000	Balance 31.03.15 £000
<b>Group</b>				
Debt due within 1 Year	(57,994)	(20,372)	579	(77,787)
Debt due after 1 Year	<u>(1,393,140)</u>	<u>41,654</u>	<u>13</u>	<u>(1,351,473)</u>
Total debt due	(1,451,134)	21,282	592	(1,429,260)
Other liquid resources	83,510	425	0	83,935
Finance leases	<u>(214,599)</u>	<u>(25,862)</u>	<u>1</u>	<u>(240,460)</u>
<b>Total</b>	<u><b>(1,582,223)</b></u>	<u><b>(4,155)</b></u>	<u><b>593</b></u>	<u><b>(1,585,785)</b></u>
<b>Council</b>				
Debt due within 1 Year	(57,994)	(21,872)	579	(79,287)
Debt due after 1 Year	<u>(1,403,784)</u>	<u>43,164</u>	<u>13</u>	<u>(1,360,607)</u>
Total debt due	(1,461,778)	21,292	592	(1,439,894)
Other liquid resources	100,088	1,263	0	101,351
Finance leases	<u>(208,841)</u>	<u>(28,485)</u>	<u>1</u>	<u>(237,325)</u>
<b>Total</b>	<u><b>(1,570,531)</b></u>	<u><b>(5,930)</b></u>	<u><b>593</b></u>	<u><b>(1,575,868)</b></u>

## NOTES TO THE FINANCIAL STATEMENTS

### 31. Reconciliation of Movements in Cash Receipts and Repayments of Short- and Long-Term Borrowing

	<b>Balance 01.04.14 £000</b>	<b>Cash Trans. £000</b>	<b>Non Cash Trans. £000</b>	<b>Balance 31.03.15 £000</b>
<b>Group Financing</b>				
Temporary loans	(11,969)	(4,495)	(5)	(16,469)
PWLB	(1,156,294)	27,743	435	(1,128,116)
Market loans	(293,515)	0	19	(293,496)
Other Borrowing	10,644	(1,966)	143	8,821
<b>Net financing</b>	<b><u>(1,451,134)</u></b>	<b><u>21,282</u></b>	<b><u>592</u></b>	<b><u>(1,429,260)</u></b>
<b>Council Financing</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Temporary loans	(11,969)	(4,495)	(5)	(16,469)
PWLB	(1,156,294)	27,743	435	(1,128,116)
Market loans	(293,515)	0	19	(293,496)
Other Borrowing	0	(1,956)	143	(1,813)
<b>Net financing</b>	<b><u>(1,461,778)</u></b>	<b><u>21,292</u></b>	<b><u>592</u></b>	<b><u>(1,439,894)</u></b>

Accrued interest is included in the carrying value of investments and loans.

### 32. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service shown in the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resource allocations are taken by the Council on the basis of budget reports analysed across departments. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made to departments in relation to capital expenditure, whereas depreciation, revaluation and impairment losses in excess of balances on the revaluation reserves are charged to services in the Comprehensive Income and Expenditure Statement.
- the cost of retirement benefits is based on the payment of employer's contributions to Lothian Pension Fund rather than the current service cost of benefits earned during the year.
- expenditure on support services is budgeted for within the relevant departments that provide the support services and not charged directly to services receiving the support services.

The income and expenditure for the Council's main service areas is shown separately on the following pages. Income and expenditure for the subsidiary, associate and joint venture companies is shown in total.

## NOTES TO THE FINANCIAL STATEMENTS

### 32. Amounts Reported for Resource Allocation Decisions - continued

#### 32.1 Departmental Income and Expenditure

2014/15	<b>Children and Families £000</b>	<b>Economic Dev't. £000</b>	<b>Corporate Governance £000</b>
Fees, charges and other service income	(8,692)	(719)	(23,424)
Government grants and other contributions	(15,183)	(4,417)	(16,401)
<b>Total Income</b>	<b>(23,875)</b>	<b>(5,136)</b>	<b>(39,825)</b>
Employee expenses	260,755	4,516	44,158
Other service expenses	154,513	13,073	76,731
<b>Total Expenditure</b>	<b>415,268</b>	<b>17,589</b>	<b>120,889</b>
<b>Net Expenditure / (Income)</b>	<b>391,393</b>	<b>12,453</b>	<b>81,064</b>

	<b>Health and Social Care £000</b>	<b>Housing Revenue Account £000</b>	<b>Valuation Joint Boards £000</b>	<b>Services for Communities £000</b>
Fees, charges and other service income	(20,736)	(104,564)	0	(213,368)
Government grants and other contributions	(54,302)	(1,586)	0	(34,984)
<b>Total Income</b>	<b>(75,038)</b>	<b>(106,150)</b>	<b>0</b>	<b>(248,352)</b>
Employee expenses	103,675	10,968	0	126,823
Other service expenses	181,600	85,470	3,745	258,064
Support service recharges	0	7,209	0	780
<b>Total Expenditure</b>	<b>285,275</b>	<b>103,647</b>	<b>3,745</b>	<b>385,667</b>
<b>Net Expenditure / (Income)</b>	<b>210,237</b>	<b>(2,503)</b>	<b>3,745</b>	<b>137,315</b>

	<b>Net Cost of Benefits £000</b>	<b>Equal Pay £000</b>	<b>Other Group Members £000</b>	<b>Total £000</b>
Fees, charges and other service income	0	0	(130,319)	(501,822)
Income from associates	0	0	(21,059)	(21,059)
Government grants and other contributions	(202,248)	0	(26,851)	(355,972)
<b>Total Income</b>	<b>(202,248)</b>	<b>0</b>	<b>(178,229)</b>	<b>(878,853)</b>
Employee expenses	0	(707)	83,591	633,779
Other service expenses	229,642	0	78,193	1,081,031
Expenditure on associates	0	0	0	0
Support service recharges	0	0	0	7,989
Depreciation, amortisation and impairment	0	0	8,952	8,952
<b>Total Expenditure</b>	<b>229,642</b>	<b>(707)</b>	<b>170,736</b>	<b>1,731,751</b>
<b>Net Expenditure / (Income)</b>	<b>27,394</b>	<b>(707)</b>	<b>(7,493)</b>	<b>852,898</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 32. Amounts Reported for Resource Allocation Decisions - continued

#### 32.1 Departmental Income and Expenditure - continued

<b>2013/14 Comparative Data</b>	<b>Children and Families £000</b>	<b>Economic Devt. £000</b>	<b>Corporate Governance £000</b>
Fees, charges and other service income	(8,227)	(228)	(23,152)
Government grants and other contributions	(11,462)	(3,093)	(11,710)
<b>Total Income</b>	<b>(19,689)</b>	<b>(3,321)</b>	<b>(34,862)</b>
Employee expenses	258,766	4,156	45,091
Other service expenses	155,957	11,807	68,292
<b>Total Expenditure</b>	<b>414,723</b>	<b>15,963</b>	<b>113,383</b>
<b>Net Expenditure / (Income)</b>	<b>395,034</b>	<b>12,642</b>	<b>78,521</b>

	<b>Health and Social Care £000</b>	<b>Housing Revenue Account £000</b>	<b>Joint Boards £000</b>	<b>Services for Communities £000</b>
Fees, charges and other service income	(18,714)	(99,541)	0	(205,817)
Government grants and other contributions	(53,767)	(1,138)	0	(39,987)
<b>Total Income</b>	<b>(72,481)</b>	<b>(100,679)</b>	<b>0</b>	<b>(245,804)</b>
Employee expenses	98,170	10,411	0	131,781
Other service expenses	174,181	78,589	3,745	241,912
Support service recharges	0	7,381	0	1,914
<b>Total Expenditure</b>	<b>272,351</b>	<b>96,381</b>	<b>3,745</b>	<b>375,607</b>
<b>Net Expenditure / (Income)</b>	<b>199,870</b>	<b>(4,298)</b>	<b>3,745</b>	<b>129,803</b>

	<b>Net Cost of Benefits £000</b>	<b>Equal Pay £000</b>	<b>Other Group Members £000</b>	<b>Total £000</b>
Fees, charges and other service income	0	0	(112,452)	(468,131)
Income from associates	0	0	(19,339)	(19,339)
Government grants and other contributions	(199,568)	0	(24,579)	(345,304)
<b>Total Income</b>	<b>(199,568)</b>	<b>0</b>	<b>(156,370)</b>	<b>(832,774)</b>
Employee expenses	0	(4,598)	77,374	621,151
Other service expenses	228,380	0	40,812	1,003,675
Expenditure on associates	0	0	21,063	21,063
Support service recharges	0	0	0	9,295
Depreciation, amortisation and impairment	0	0	9,323	9,323
<b>Total Expenditure</b>	<b>228,380</b>	<b>(4,598)</b>	<b>148,572</b>	<b>1,664,507</b>
<b>Net Expenditure / (Income)</b>	<b>28,812</b>	<b>(4,598)</b>	<b>(7,798)</b>	<b>831,733</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 32. Amounts Reported for Resource Allocation Decisions - continued

#### 32.2 Reconciliation of Departmental Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statements for the Group and the Council

	2014/15		2013/14	
	Group £000	Council £000	Group £000	Council £000
Net expenditure in departmental analysis	852,898	860,391	831,733	839,531
Net expenditure of services and support services not included in the dept. analysis	33,230	33,230	19,110	19,110
Amounts in the Comprehensive Income and Expenditure Statement (CIES) not reported to management in departmental analysis	100,676	100,676	164,683	164,715
Amounts included in departmental analysis not included in CIES	(61,359)	(61,359)	(60,155)	(60,155)
Amounts included in the departmental analysis included below Cost of Services in the CIES	(66)	(66)	(45)	(45)
Cost of Services in CIES	<u>925,379</u>	<u>932,872</u>	<u>955,326</u>	<u>963,156</u>

#### 32.3 Reconciliation to Subjective Analysis

Group 2014/15	Dept. Analysis £000	Services not in Analysis £000	Not Reported to Mgmt. £000
Fees, charges and other service income	(501,822)	11,619	0
Income from associates and joint ventures	(21,059)	0	0
Interest and investment income	0	0	0
Income from Council Tax	0	0	0
Government grants and other contributions	(355,972)	9,490	0
Total Income	<u>(878,853)</u>	<u>21,109</u>	<u>0</u>
Employee expenses	633,779	116,082	(51,856)
Other service expenses	1,081,031	(103,961)	0
Expenditure on associates and joint ventures	0	0	0
Support service recharges	7,989	0	0
Depreciation, amortisation and impairment	8,952	0	152,532
Total Expenditure	<u>1,731,751</u>	<u>12,121</u>	<u>100,676</u>
Net Expenditure / (Income)	<u>852,898</u>	<u>33,230</u>	<u>100,676</u>



## NOTES TO THE FINANCIAL STATEMENTS

### 32. Amounts Reported for Resource Allocation Decisions - continued

#### 32.3 Reconciliation to Subjective Analysis - continued

<b>Group 2014/15</b>	<b>Not Included in CIES £000</b>	<b>Reported Below Cost of Services £000</b>	<b>Allocation of Recharges £000</b>
Fees, charges and other service income	0	1,297	0
Income from associates and joint ventures	0	0	0
Interest and investment income	0	0	0
Income from Council Tax	0	0	0
Government grants and other contributions	0	0	0
<b>Total Income</b>	<b>0</b>	<b>1,297</b>	<b>0</b>
Employee expenses	(61,359)	(701)	3,352
Other service expenses	0	(662)	4,637
Expenditure on associates and joint ventures	0	0	0
Support service recharges	0	0	(7,989)
Depreciation, amortisation and impairment	0	0	0
<b>Total Expenditure</b>	<b>(61,359)</b>	<b>(1,363)</b>	<b>0</b>
<b>Net Expenditure / (Income)</b>	<b>(61,359)</b>	<b>(66)</b>	<b>0</b>

<b>Group 2014/15</b>	<b>Cost of Services £000</b>	<b>Corporate Amounts £000</b>	<b>Total £000</b>
Fees, charges and other service income	(488,906)	(15,505)	(504,411)
Income from associates and joint ventures	(21,059)	0	(21,059)
Interest and investment income	0	(106,820)	(106,820)
Income from Council Tax	0	(212,976)	(212,976)
Government grants and other contributions	(346,482)	(819,818)	(1,166,300)
<b>Total Income</b>	<b>(856,447)</b>	<b>(1,155,119)</b>	<b>(2,011,566)</b>
Employee expenses	639,297	701	639,998
Other service expenses	981,045	2,570	983,615
Expenditure on associates and joint ventures	0	0	0
Support service recharges	0	0	0
Depreciation, amortisation and impairment	161,484	0	161,484
Interest payments	0	212,377	212,377
Gain on disposal of assets	0	(4,807)	(4,807)
<b>Total Expenditure</b>	<b>1,781,826</b>	<b>210,841</b>	<b>1,992,667</b>
<b>Net Expenditure / (Income)</b>	<b>925,379</b>	<b>(944,278)</b>	<b>(18,899)</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 32. Amounts Reported for Resource Allocation Decisions - continued

#### 32.3 Reconciliation to Subjective Analysis - continued

<b>Council 2014/15</b>	<b>Dept. Analysis £000</b>	<b>Services not in Analysis £000</b>	<b>Not Reported to Mgmt. £000</b>
Fees, charges and other service income	(371,503)	11,619	0
Income from associates and joint ventures	0	0	0
Interest and investment income	0	0	0
Income from Council Tax	0	0	0
Government grants and other contributions	(329,121)	9,490	0
<b>Total Income</b>	<b>(700,624)</b>	<b>21,109</b>	<b>0</b>
Employee expenses	550,188	116,082	(51,856)
Other service expenses	1,002,838	(103,961)	0
Support service recharges	7,989	0	0
Depreciation, amortisation and impairment	0	0	152,532
<b>Total Expenditure</b>	<b>1,561,015</b>	<b>12,121</b>	<b>100,676</b>
<b>Net Expenditure / (Income)</b>	<b>860,391</b>	<b>33,230</b>	<b>100,676</b>

<b>Council 2014/15</b>	<b>Not Included in CIES £000</b>	<b>Reported Below Cost of Services £000</b>	<b>Allocation of Recharges £000</b>
Fees, charges and other service income	0	1,297	0
Income from associates and joint ventures	0	0	0
Interest and investment income	0	0	0
Income from Council Tax	0	0	0
Government grants and other contributions	0	0	0
<b>Total Income</b>	<b>0</b>	<b>1,297</b>	<b>0</b>
Employee expenses	(61,359)	(701)	3,352
Other service expenses	0	(662)	4,637
Support service recharges	0	0	(7,989)
Depreciation, amortisation and impairment	0	0	0
<b>Total Expenditure</b>	<b>(61,359)</b>	<b>(1,363)</b>	<b>0</b>
<b>Net Expenditure / (Income)</b>	<b>(61,359)</b>	<b>(66)</b>	<b>0</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 32. Amounts Reported for Resource Allocation Decisions - continued

#### 32.3 Reconciliation to Subjective Analysis - continued

<b>Council 2014/15</b>	<b>Cost of Services £000</b>	<b>Corporate Amounts £000</b>	<b>Total £000</b>
Fees, charges and other service income	(358,587)	(15,505)	(374,092)
Income from associates and joint ventures	0	0	0
Interest and investment income	0	(91,135)	(91,135)
Income from Council Tax	0	(212,976)	(212,976)
Government grants and other contributions	(319,631)	(819,818)	(1,139,449)
<b>Total Income</b>	<b>(678,218)</b>	<b>(1,139,434)</b>	<b>(1,817,652)</b>
Employee expenses	555,706	701	556,407
Other service expenses	902,852	662	903,514
Support service recharges	0	0	0
Depreciation, amortisation and impairment	152,532	0	152,532
Interest payments	0	196,902	196,902
Gain on disposal of assets	0	(4,716)	(4,716)
<b>Total Expenditure</b>	<b>1,611,090</b>	<b>193,549</b>	<b>1,804,639</b>
<b>Net Expenditure / (Income)</b>	<b>932,872</b>	<b>(945,885)</b>	<b>(13,013)</b>

<b>Group 2013/14 Comparative Data</b>	<b>Dept. Analysis £000</b>	<b>Services not in Analysis £000</b>	<b>Not Reported to Mgmt. £000</b>
Fees, charges and other service income	(468,131)	9,388	2,679
Income from associates and joint ventures	(19,339)	0	0
Interest and investment income	0	0	0
Income from Council Tax	0	0	0
Government grants and other contributions	(345,304)	16,305	0
<b>Total Income</b>	<b>(832,774)</b>	<b>25,693</b>	<b>2,679</b>
Employee expenses	621,151	102,462	(31,776)
Other service expenses	1,003,675	(109,045)	(2,711)
Expenditure on associates and joint ventures	21,063	0	0
Support service recharges	9,295	0	0
Depreciation, amortisation and impairment	9,323	0	196,491
<b>Total Expenditure</b>	<b>1,664,507</b>	<b>(6,583)</b>	<b>162,004</b>
<b>Net Expenditure / (Income)</b>	<b>831,733</b>	<b>19,110</b>	<b>164,683</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 32. Amounts Reported for Resource Allocation Decisions - continued

#### 32.3 Reconciliation to Subjective Analysis - continued

<b>Group</b> <b>2013/14 Comparative Data</b>	<b>Not Included in CIES £000</b>	<b>Reported Below Cost of Services £000</b>	<b>Allocation of Recharges £000</b>
Fees, charges and other service income	0	1,355	0
Income from associates and joint ventures	0	0	0
Interest and investment income	0	0	0
Income from Council Tax	0	0	0
Government grants and other contributions	0	0	0
<b>Total Income</b>	<b>0</b>	<b>1,355</b>	<b>0</b>
Employee expenses	(60,155)	(742)	3,769
Other service expenses	0	(658)	5,526
Expenditure on associates and joint ventures	0	0	0
Support service recharges	0	0	(9,295)
Depreciation, amortisation and impairment	0	0	0
<b>Total Expenditure</b>	<b>(60,155)</b>	<b>(1,400)</b>	<b>0</b>
<b>Net Expenditure / (Income)</b>	<b>(60,155)</b>	<b>(45)</b>	<b>0</b>

<b>Group</b> <b>2013/14 Comparative Data</b>	<b>Cost of Services £000</b>	<b>Corporate Amounts £000</b>	<b>Total £000</b>
Fees, charges and other service income	(454,709)	(1,567)	(456,276)
Income from associates and joint ventures	(19,339)	0	(19,339)
Interest and investment income	0	(97,051)	(97,051)
Income from Council Tax	0	(207,925)	(207,925)
Government grants and other contributions	(328,999)	(822,318)	(1,151,317)
<b>Total Income</b>	<b>(803,047)</b>	<b>(1,128,861)</b>	<b>(1,931,908)</b>
Employee expenses	634,709	742	635,451
Other service expenses	896,787	2,555	899,342
Expenditure on associates and joint ventures	21,063	0	21,063
Support service recharges	0	0	0
Depreciation, amortisation and impairment	205,814	0	205,814
Interest payments	0	207,987	207,987
Gain on disposal of assets	0	4,221	4,221
<b>Total Expenditure</b>	<b>1,758,373</b>	<b>215,505</b>	<b>1,973,878</b>
<b>Net Expenditure / (Income)</b>	<b>955,326</b>	<b>(913,356)</b>	<b>41,970</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 32. Amounts Reported for Resource Allocation Decisions - continued

#### 32.3 Reconciliation to Subjective Analysis - continued

<b>Council 2013/14 Comparative Data</b>	<b>Dept. Analysis £000</b>	<b>Services not in Analysis £000</b>	<b>Not Reported to Mgmt. £000</b>
Fees, charges and other service income	(355,679)	9,388	0
Income from associates and joint ventures	0	0	0
Interest and investment income	0	0	0
Income from Council Tax	0	0	0
Government grants and other contributions	(320,725)	16,305	0
<b>Total Income</b>	<b>(676,404)</b>	<b>25,693</b>	<b>0</b>
Employee expenses	543,777	102,462	(31,776)
Other service expenses	962,863	(109,045)	0
Support service recharges	9,295	0	0
Depreciation, amortisation and impairment	0	0	196,491
<b>Total Expenditure</b>	<b>1,515,935</b>	<b>(6,583)</b>	<b>164,715</b>
<b>Net Expenditure / (Income)</b>	<b>839,531</b>	<b>19,110</b>	<b>164,715</b>
		<b>Reported</b>	<b>Allocation</b>
<b>Council 2013/14 Comparative Data</b>	<b>Not Included in CIES £000</b>	<b>Below Cost of Services £000</b>	<b>of Recharges £000</b>
Fees, charges and other service income	0	1,355	0
Income from associates and joint ventures	0	0	0
Interest and investment income	0	0	0
Income from Council Tax	0	0	0
Government grants and other contributions	0	0	0
<b>Total Income</b>	<b>0</b>	<b>1,355</b>	<b>0</b>
Employee expenses	(60,155)	(742)	3,769
Other service expenses	0	(658)	5,526
Support service recharges	0	0	(9,295)
Depreciation, amortisation and impairment	0	0	0
<b>Total Expenditure</b>	<b>(60,155)</b>	<b>(1,400)</b>	<b>0</b>
<b>Net Expenditure / (Income)</b>	<b>(60,155)</b>	<b>(45)</b>	<b>0</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 32. Amounts Reported for Resource Allocation Decisions - continued

#### 32.3 Reconciliation to Subjective Analysis - continued

<b>Council 2013/14 Comparative Data</b>	<b>Cost of Services £000</b>	<b>Corporate Amounts £000</b>	<b>Total £000</b>
Fees, charges and other service income	(344,936)	(1,567)	(346,503)
Income from associates and joint ventures	0	0	0
Interest and investment income	0	(83,983)	(83,983)
Income from Council Tax	0	(207,925)	(207,925)
Government grants and other contributions	(304,420)	(822,318)	(1,126,738)
<b>Total Income</b>	<b>(649,356)</b>	<b>(1,115,793)</b>	<b>(1,765,149)</b>
Employee expenses	557,335	742	558,077
Other service expenses	858,686	658	859,344
Support service recharges	0	0	0
Depreciation, amortisation and impairment	196,491	0	196,491
Interest payments	0	194,060	194,060
Gain on disposal of assets	0	3,652	3,652
<b>Total Expenditure</b>	<b>1,612,512</b>	<b>199,112</b>	<b>1,811,624</b>
<b>Net Expenditure / (Income)</b>	<b>963,156</b>	<b>(916,681)</b>	<b>46,475</b>

### 33. Trading Operations

The following services continue to meet the definition of significant trading operations under the terms of the Local Government in Scotland Act 2003, as amended.

#### 33.1 Edinburgh Catering Services - Other Catering

Edinburgh Catering Services - Other Catering is a quality accredited trading operation providing a catering service to staff and the public across seven Council buildings which includes civic hospitality in Waverley Court and the City Chambers.

Civic hospitality which includes external customers accounts for approximately 45% of the business turnover within this contract.

	<b>2014/15 £000</b>	<b>2013/14 £000</b>	<b>2012/13 £000</b>	<b>Cumulative £000</b>
Turnover	1,297	1,355	1,210	n/a
(Deficit) / Surplus	(66)	(45)	17	(94)

Edinburgh Catering Services - Other Catering failed to achieved its statutory obligation to break even over the three-year period, due to a downturn in turnover of both in-house catering and external hospitality. Reduced opening hours and menu rationalisation, along with investment in cheaper and more efficient equipment are planned to ensure cost reduction going forward.

The results of Edinburgh Catering Services - Other Catering are included within 'Financing and Investment Income and Expenditure' in the Comprehensive Income and Expenditure Statement.

## NOTES TO THE FINANCIAL STATEMENTS

### 33. Trading Operations - continued

#### 33.2 Refuse Collection, including Trade Waste

This trading operation provides refuse collection services for over 239,000 households, with the majority of these properties being served by a containerised waste collection system. Trade waste provides a collection and disposal service to producers of commercial waste throughout the city. In addition the service provides uplifts of bulky household refuse.

	2014/15 £000	2013/14 £000	2012/13 £000	Cumulative £000
Turnover	17,155	17,319	17,048	n/a
Surplus / (deficit)	2,279	2,997	878	6,154

Refuse Collection achieved its statutory obligation to break even over the three-year period.

Refuse Collection has implemented a number of service improvements and these have contributed to the improved financial position.

The results of Refuse Collection / Trade Waste are included within 'Environmental Services' in the Comprehensive Income and Expenditure Statement.

### 34. Financial Support and Guarantees

#### 34.1 Loans and guarantees

The Council has made loans to the following organisations.

	2014/15 £000	2013/14 £000
Spartan Community Football Academy	50	111
Lothian Buses Ltd	1,000	0

Adjustments have been made under the requirements of IAS 39 as required by the Code.

#### 34.2 Shared Equity Scheme

In 2010/11, the Council approved a pilot scheme for a Council-backed shared equity scheme to help buyers purchase homes from PARC (a subsidiary of CEC Holdings Limited) and support the regeneration of Craigmillar. The Council provided assistance to sixteen purchasers, at a cost of £0.484m. No further assistance has been provided since 2012/13.

The monies are required to be repaid to the Council either on sale of the property or after twenty years, whichever occurs earlier.

Interest for the period up to the first five years is charged to PARC and thereafter to the purchasers.

#### 34.3 National Housing Trust

The National Housing Trust (NHT) is a housing initiative developed by the Scottish Government, in partnership with the Scottish Futures Trust (SFT) and local authorities. The aim is to deliver new homes for mid-market rent while at the same time stimulating the housing market.

The Scottish Government has granted the Council permission to borrow up to £55m for phase 1 to purchase homes from developers. The scheme is underwritten by the Scottish Government, by way of a guarantee against the borrowing and associated interest costs.

The Council worked with the Scottish Government and the SFT to procure private developers to build up to 600 homes for mid market rent and enter into joint ventures with the Council, by way of Limited Liability Partnerships (LLPs), through the NHT initiative. Four contracts were awarded and all sites are complete, as of June 2014. A total of 422 new homes have been delivered at a cost of £45.67m.

Phase 2 of NHT home building was approved by Council in June 2014. Approval was granted to award the contract to Forth Ports Ltd for the delivery of up to 96 new affordable housing units. Investment totalling £11.92m will be required from the Council with the project starting in January 2016. Expenditure of £2.98m is forecast for 2015/16 with the remaining balance of £8.94m forecast for 2016/17.

A third phase of NHT has been approved and will deliver an additional 413 mid market rent (MMR) homes across four separate sites. Permission has been granted to borrow an additional £55m in support of this phase.

## NOTES TO THE FINANCIAL STATEMENTS

### 34. Financial Support and Guarantees - continued

#### 34.3 National Housing Trust - continued

The Council has advanced the following sums under the NHT scheme:

Developer	Development Site	Total No. of Flats	2014/15 £000	Prior Years £000
Places for People	Lochend North	126	0	13,323
Places for People	Lighthouse Court	62	0	6,492
Teague Homes Limited	Salamander Place / Leith Links	145	9,696	5,855
Miller Homes	Telford North	89	0	10,299
			<u>9,696</u>	<u>35,969</u>

These sums are included within Long-term Debtors, as detailed in note 20.1.

### 35. Agency Income and Expenditure

The Council has entered into agency agreements with other local public bodies to provide and receive services, the income and expenditure for which is included in the Comprehensive Income and Expenditure Statement. The main activities were:

	2014/15 £000	2013/14 £000
<b>Expenditure</b>		
Payments to other local authorities in respect of:		
Area waste project	279	607
Educational services for children	1,842	2,297
Care services for children	1,491	535
Others		
Police officers	2,600	2,616
Police Scotland - cab inspection	299	410
Scottish Cities Alliance Investment Fund (see note 48.)	1,337	889
<b>Total Expenditure</b>	<u><b>7,848</b></u>	<u><b>7,354</b></u>
<b>Income</b>		
Receipts in respect of library services:		
Health Boards	(19)	(18)
Scottish Prison Service	(16)	(16)
Receipts in respect of translation and Interpretation services:		
Lothian Health Board	(1,026)	(945)
Receipts in respect of rates collection services:		
Scottish Water	(1,680)	(1,410)
Midlothian Council	(61)	(58)
Receipts from other local authorities in respect of:		
Criminal justice services	(1,055)	(873)
Educating pupils	(741)	(668)
Pentland Hills Regional Park management	(78)	(76)
Care services for children	(867)	(755)
Risk Factory	(39)	(40)
Social work undertakings	(4,302)	(3,825)
<b>Total Income</b>	<u><b>(9,884)</b></u>	<u><b>(8,684)</b></u>

### 36. Audit Costs

The fees payable to Audit Scotland in respect of external audit services undertaken in accordance with the Code of Audit Practice are £0.677m (2013/14 £0.684m). The Council has re-charged £0.047m of the audit fee to Lothian Pension Funds in respect of its audit (2013/14 £0.047m).

In addition, the Council paid audit fees to Scott Moncrieff for the audit of CEC Recovery Limited's accounts (formerly tie Limited). The Council paid £0.002m during 2014/15 (2013/14 £0.004m) for the audit of 2013/14 financial statements.



## NOTES TO THE FINANCIAL STATEMENTS

### 37. Grant Income

Grants and contributions credited to the Comprehensive Income and Expenditure Statement include the following:

	2014/15		2013/14	
	£000	£000	£000	£000
<b>Revenue Funding</b>				
<b>Credited to taxation and non-specific grant income</b>				
General revenue funding	(386,311)		(402,364)	
Non-domestic rates	<u>(364,108)</u>		<u>(334,630)</u>	
		(750,419)		(736,994)
<b>Credited to services</b>				
Government grants	(20,594)		(18,209)	
Department for Work and Pensions				
- Housing benefits	(202,325)		(199,568)	
- Other funding	(4,515)		(5,256)	
N.H.S. Lothian	(37,093)		(33,810)	
Other Local Authorities	(3,929)		(3,689)	
International Conference Centre Inc. Trust	(1,627)		(927)	
Edinburgh Leisure	(679)		(679)	
Scottish Prison Service	(489)		(484)	
Lottery funding	(25)		7	
SportScotland	<u>(1,012)</u>		<u>(1,054)</u>	
		<u>(272,288)</u>		<u>(263,669)</u>
<b>Total</b>		<u><u>(1,022,707)</u></u>		<u><u>(1,000,663)</u></u>
<b>Capital Funding</b>				
Scottish Government		(63,942)		(42,316)
Transport Scotland		(42)		(35,994)
Other grants and contributions, including contributions from developers and individuals		(4,422)		(2,773)
Lothian Health Board		0		(964)
Henderson Global		28		(905)
N-Power		0		(581)
Cruden Homes		(242)		(651)
Lothian Buses		0		(412)
Edinburgh Military Tattoo		0		(340)
Historic Scotland		(173)		(145)
Forth Estuary Transport Authority		(235)		(139)
Royal Bank of Scotland		(56)		(56)
Waste Recycling Environmental Grant		0		(45)
International Conference Centre Income Trust		0		(3)
Museum Galleries Scotland		(56)		0
Midlothian Council		(9)		0
Edinburgh Tram Ltd.		(17)		0
Edinburgh Tourist Board		<u>(233)</u>		<u>0</u>
<b>Total</b>		<u><u>(69,399)</u></u>		<u><u>(85,324)</u></u>

## NOTES TO THE FINANCIAL STATEMENTS

### 38. Related Parties

During the year, the Council entered into a number of transactions with related parties. The most material of these transactions, not disclosed elsewhere, are shown below.

#### 38.1 Subsidiaries and Other Organisations - Revenue Income and Expenditure

	<b>2014/15</b>	<b>2013/14</b>
	<b>£000</b>	<b>£000</b>
• <b>Revenue Expenditure</b>		
Capital City Partnership	4,249	4,327
CEC Holdings (including EDI Group, EICC, Waterfront Edinburgh, and PARC)	220	439
Edinburgh Festival Theatres	771	778
Edinburgh Leisure Limited		
Revenue funding	9,590	9,559
Other expenditure	303	90
Edinburgh Trams Ltd	2,851	1,595
Edinburgh World Heritage Trust	49	89
Lothian Buses Limited		
Supported bus services	840	465
Other expenditure	3,954	2,042
NHS Bodies	2,398	2,189
Other Local Authorities	2,638	2,393
Scottish Government	171	0
Scottish and Southern Energy	264	536
Subsidiaries / Voluntary Organisations		
Criminal Justice Bodies	747	799
Dean and Calvin Charitable Trust	837	843
Edinburgh International Festival Society	2,506	2,505
Essential Edinburgh	0	298
Festivals Edinburgh Ltd	175	172
Handicab	448	448
Health Projects	156	154
Lifecare Edinburgh	539	538
Marketing Edinburgh	977	1,007
Royal Lyceum Theatre Co Ltd	382	379
<b>Total Revenue Expenditure</b>	<b>35,065</b>	<b>31,645</b>
• <b>Revenue Income</b>		
CEC Holdings Limited (EDI Group Limited)		
Loan interest	(196)	(208)
Edinburgh Festival Theatres	(59)	(72)
Professional services, rents, other grants and funding		
CEC Holdings Limited (including EICC Limited)	(1)	(92)
Edinburgh Leisure	(6)	(679)
Other Local Authorities	(2,971)	(2,407)
Scottish Government	(588)	(563)
Scottish Court Service	70	(489)
Lothian Health Board		
Change Fund	(2,065)	(3,906)
Resource transfers	(21,077)	(20,682)
Other Grants and Fees	(384)	(386)
<b>Total Revenue Income</b>	<b>(27,277)</b>	<b>(29,484)</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 38. Related Parties - continued

#### 38.1 Subsidiaries and Other Organisations - Revenue Income and Expenditure - continued

	2014/15 £000	2013/14 £000
<ul style="list-style-type: none"> <li>● <b>Joint Board Requisitions</b></li> </ul>		
Lothian Valuation Joint Board	3,745	3,745
SESTRAN	0	0
<b>Total Joint Board Requisitions</b>	<b>3,745</b>	<b>3,745</b>
<ul style="list-style-type: none"> <li>● <b>Central Support Income</b></li> </ul>		
Forth Estuary Transport Authority	(61)	(100)
Lothian Valuation Joint Board	(45)	(63)
Pension Funds	(322)	(522)
<b>Total Central Support Income</b>	<b>(428)</b>	<b>(685)</b>
<ul style="list-style-type: none"> <li>● <b>Interest on Revenue Balances</b></li> </ul>		
Forth Estuary Transport Authority	(11)	(18)
Lothian Valuation Joint Board	3	3
Pension Funds	22	10
SESTRAN	(1)	(1)
<b>Total Interest on Revenue Balances</b>	<b>13</b>	<b>(6)</b>
<ul style="list-style-type: none"> <li>● <b>Loans Charges Recovered</b></li> </ul>		
Further Education Colleges (pre 1996 expenditure)	0	(141)
Lothian and Borders Fire and Rescue Board	(1,503)	(1,746)
Lothian and Borders Police Board	(3,130)	(3,213)
<b>Total Loans Charges</b>	<b>(4,633)</b>	<b>(5,100)</b>
<b>38.2 Subsidiaries and Other Organisations - Capital Expenditure</b>		
<ul style="list-style-type: none"> <li>● <b>Capital Expenditure</b></li> </ul>		
CEC Holdings (including EDI Group, EICC, Waterfront Edinburgh and PARC)	1,334	2,798
Edinburgh Leisure	165	168
Edinburgh Military Tattoo	0	340
Hubco	4,468	8,345
Other Local Authorities	2,320	0
Scottish Government	261	0
Sport Scotland	151	0
Transport Scotland	0	1,109
<b>Total Capital Expenditure</b>	<b>8,699</b>	<b>12,760</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 38. Related Parties - continued

#### 38.3 Related Parties - Indebtedness

The following represent material amounts due to / (by) the Council, at 31 March 2015:

	<b>2014/15</b>	<b>2013/14</b>
	<b>£000</b>	<b>£000</b>
CEC Holdings Limited (including all subsidiaries)	(169)	(658)
Edinburgh Military Tattoo	0	5
Forth Estuary Transport Authority	509	5,219
Hubco	(770)	(705)
Lothian and Borders Criminal Justice Authority	2,599	2,594
Scottish Fire and Rescue Service	1,228	1,642
Police Scotland	48	(596)
Lothian Valuation Joint Board	(1,233)	(924)
Lothian Buses	0	(48)
NHS Bodies	540	414
Pension Funds	(6,361)	(8,851)
Scottish Government	7,079	8,017
Scottish Water	70	2,418
SESTRAN	1,090	335
SUSTRANS	710	573
Transport Scotland	422	17,468
	<b><u>5,762</u></b>	<b><u>26,903</u></b>
<b>• Other Indebtedness</b>		
HM Revenue and Customs - VAT	8,879	9,524
HM Revenue and Customs - PAYE and NI	(9,397)	(11,301)
	<b><u>(518)</u></b>	<b><u>(1,777)</u></b>
<b>• Investments held on behalf of, and repayable to:</b>		
CEC Holdings	(120)	(196)
Common Good	(2,756)	(1,597)
	<b><u>(2,876)</u></b>	<b><u>(1,793)</u></b>

## NOTES TO THE FINANCIAL STATEMENTS

### 39. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred during the year is shown below (including the value of assets acquired under finance leases and PPP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years through charges to revenue (loan charges), capital expenditure results in an increase in the capital financing requirement. This shows the amount of capital expenditure that has yet to be financed. The capital financing requirement is analysed below.

	2014/15		2013/14	
	£000	£000	£000	£000
Opening capital financing requirement		1,728,465		1,700,769
<b>Capital Investment</b>				
Property, plant and equipment	149,626		185,501	
Heritage Assets	44		153	
Assets held for sale	117		102	
Intangible assets	2,372		3,167	
Capital Receipts transferred to Capital Fund	11,298		8,805	
National Housing Trust - Consent to borrow (see note 34.3)	9,696		29,333	
Revenue expenditure funded from capital under statute	32,641		30,365	
Adjustments to PPP schools during the year (reflected in finance leases)	12,610		0	
		218,404		257,426
<b>Sources of Finance</b>				
Capital receipts	(21,479)		(16,707)	
Capital Funded from Current Revenue	(5,674)		(3,957)	
Government grants and other contributions	(99,372)		(120,777)	
Loans fund / finance lease repayments	(94,314)		(88,289)	
		(220,839)		(229,730)
<b>Closing capital financing requirement</b>		1,726,030		1,728,465
<b>Explanation of movements in year</b>				
(Decrease) / increase in underlying need to borrow		(37,331)		25,650
Voluntary debt repayment - HRA		(6,123)		(6,000)
Assets acquired under finance leases		7,172		8,046
Assets acquired under PFI/PPP contracts		33,847		0
<b>(Decrease) / Increase in capital financing requirement</b>		(2,435)		27,696

## NOTES TO THE FINANCIAL STATEMENTS

### 40. Leases

#### 40.1 Assets Leased in - Finance Leases

The Council has acquired two buildings and its IT equipment under finance leases. Following in year reassessment, copying equipment is now determined to meet the definition of operating lease and has been reclassified from finance lease to operating lease classification. The assets acquired under these leases are included in property, plant and equipment in the Balance Sheet:

	2014/15		2013/14	
	Group £000	Council £000	Group £000	Council £000
Value at 1 April	13,768	8,011	12,249	3,093
Additions during the year	7,172	7,172	8,046	8,046
Reclassification to operating lease during the year	(2,840)	(2,840)	0	0
Repayments during the year	(5,442)	(2,820)	(6,527)	(3,128)
Value at 31 March	12,658	9,523	13,768	8,011
Other land and buildings	126	126	190	190
Vehicles, plant, equipment and furniture	12,532	9,397	13,578	7,821
Value at 31 March	12,658	9,523	13,768	8,011

The Council is committed to making minimum lease payments under these leases, comprising settlement of the long-term liability for the interest in the assets acquired and finance costs that will be payable by the Council in future years while the liability remains outstanding. The minimum lease payments are shown below:

	2014/15		2013/14	
	Group £000	Council £000	Group £000	Council £000
Finance lease liabilities:				
Current	5,275	2,816	4,548	1,926
Non-current	7,383	6,707	9,220	6,085
Finance costs payable	751	751	817	817
Minimum lease payments	13,409	10,274	14,585	8,828

The minimum lease payments will be payable over the following periods:

Minimum Finance Lease Repayments	at 31.03.15		at 31.03.14	
	Group £000	Council £000	Group £000	Council £000
Not later than one year	5,495	3,036	4,791	2,169
Later than one year and not later than five years	7,914	7,238	9,790	6,655
Later than five years	0	0	4	4
	13,409	10,274	14,585	8,828
<b>Finance Lease Liabilities</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Not later than one year	5,275	2,816	4,548	1,926
Later than one year and not later than five years	7,383	6,707	9,220	6,085
Later than five years	0	0	0	0
	12,658	9,523	13,768	8,011

## NOTES TO THE FINANCIAL STATEMENTS

### 40. Leases - continued

#### 40.2 Assets Leased in - Operating Leases

The Group leases in property, vehicles and copying equipment (reclassified from finance lease to operating lease following in year reassessment) financed under the terms of operating leases. The amount charged to the Comprehensive Income and Expenditure Statement under these arrangements and the value of future payments under operating leases is shown below.

The amounts recognised as an expense during the year include £0.277m of contributions paid by employees towards cost of car leasing (2013/14 £0.399m).

Under these operating leases, the Group and Council is committed to paying the following sums, of which £0.362m is recoverable from employees (2013/14 £0.387m):

	2014/15		2013/14	
	Group £000	Council £000	Group £000	Council £000
<b>Future Repayment Period</b>				
Not later than one year	2,146	2,081	4,831	4,554
Later than one year and not later than five years	6,096	5,823	6,633	5,993
Later than five years	6,640	6,164	7,442	7,091
	<b>14,882</b>	<b>14,068</b>	<b>18,906</b>	<b>17,638</b>
<b>Value at 31 March</b>				
Other land and buildings	13,355	13,355	16,750	16,669
Vehicles, plant, equipment and furniture	1,730	713	2,156	969
	<b>15,085</b>	<b>14,068</b>	<b>18,906</b>	<b>17,638</b>
<b>Recognised as an expense during the year</b>	<b>2,675</b>	<b>2,454</b>	<b>5,196</b>	<b>4,899</b>

#### 40.3 Assets Leased Out by the Council - Operating Leases

The Council leases out property and equipment under operating leases for a number of purposes, including:

- for economic development purposes, including regeneration and to provide suitable affordable accommodation for local businesses.
- to arm's length companies for the provision of services such as sport and leisure and theatres.

The future minimum lease payments receivable under non-cancellable leases in future years are:

	2014/15 £000	2013/14 £000
Not later than one year	14,116	12,599
Later than one year and not later than five years	41,346	34,356
Later than five years	157,676	164,926
	<b>213,138</b>	<b>211,881</b>

The Council has a number of leases that are agreed for a period of over 100 years, the majority of which relate to land.

## NOTES TO THE FINANCIAL STATEMENTS

### 41. Public Private Partnerships and Similar Contracts

#### 41.1 PPP - Education Projects

In 2001, the Council entered into a Public Private Partnership (PPP1) for the provision of school buildings, maintenance and other facilities with Edinburgh Schools Partnership. This agreement was supplemented by a further agreement in April 2004, which now requires Edinburgh Schools Partnership either to replace or substantially renovate ten primary, five secondary and two special schools, together with one close support unit and a community wing, and to maintain these schools to a high standard. When the agreement ends in July 2033 the schools will be handed to the Council with a guaranteed maintenance-free life of five years.

In April 2007, the Council entered into a second Public Private Partnership (PPP2) for the provision of school buildings, maintenance and other facilities with Axiom Education Limited. This required Axiom Education Limited to replace six secondary schools and two primary schools and to maintain these schools to a high standard. When the agreement ends in July 2038 the schools will be handed to the Council with a guaranteed maintenance-free life of five years.

In December 2013, the Council entered in to an agreement with Hub South East Scotland for the provision of a new building for James Gillespies High School. This has been procured using a Design, Build, Finance and Maintain (DBFM) agreement with Hub South East Scotland. Construction of the new facility is phased, with the initial phase (comprising the main teaching block) due for completion in April 2015, and final phases (including sports hall, social / assembly buildings) due for completion in July 2016. The concession is due to terminate in July 2041.

Under the agreements the Council is committed to paying the following sums as detailed in the contractor's final bid model:

	<b>Payment for Services £000</b>	<b>Reimburse. of Capital Expenditure £000</b>	<b>Interest £000</b>	<b>Total £000</b>
Payable in 2015/16	15,874	7,920	18,327	42,121
Payable within two to five years	73,035	32,126	73,767	178,928
Payable within six to ten years	113,175	40,677	84,187	238,039
Payable within eleven to fifteen years	131,071	49,200	74,386	254,657
Payable within sixteen to twenty years	125,875	56,493	58,087	240,455
Payable within twenty one to twenty five years	61,670	37,452	26,747	125,869
Payable within twenty six to thirty years	808	3,934	617	5,359
	<u>521,508</u>	<u>227,802</u>	<u>336,118</u>	<u>1,085,428</u>

Payments due under the PPP1 scheme have been inflated by 1.11% per annum and those due under the PPP2 scheme have been inflated by 1.67% per annum, reflecting the terms of the separate contracts.

The amounts disclosed as reimbursement of capital expenditure are included in other long-term liabilities on the Balance Sheet.

The unitary charges paid to the service providers include amounts to compensate the providers for the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to pay the service providers for capital expenditure incurred is as follows:

	<b>2014/15 £000</b>	<b>2013/14 £000</b>
Balance at 1 April	200,831	207,625
PPP unitary charge restatement adjustment	64	0
Additions during the year	33,847	0
Repayments during the year	<u>(6,940)</u>	<u>(6,794)</u>
Balance at 31 March	<u>227,802</u>	<u>200,831</u>



## NOTES TO THE FINANCIAL STATEMENTS

### 41. Public Private Partnerships and Similar Contracts - continued

#### 41.2 Provision of Information Technology services

In 2001 the Council entered into a ten year Public Private Partnership for the provision of information technology services. This contract has now been extended for another five years.

The Council is in the process of tendering a new Information Technology contract, this is expected to be in place by 2016/17.

Under the agreement the Council is committed to paying the following sums in cash terms (assuming an inflationary uplift at the level shown):

<b>Future Repayment</b>		<b>Inflationary</b>
<b>Period</b>	<b>£000</b>	<b>Uplift</b>
2015/16	<u>28,222</u>	0.9%

The equipment assessed as a finance lease within this contract is included in note 40.1. The above payment includes the elements relating to the finance lease for the equipment.

The cost of information technology is included in overheads and is re-allocated to services.

#### 41.3 Provision of Parking Enforcement

The Council has entered into a five year contract with NSL for the provision of parking enforcement. The contract commenced on 1 October 2014 and ends on 30 September 2019. There is also a five year extension clause at the end of this period.

Under the agreement the Council is committed to paying the following sums in cash terms:

<b>Future Repayment</b>	
<b>Period</b>	<b>£000</b>
2015/16	5,670
2016/17 - 2019/20	<u>19,845</u>
	<u><b>25,515</b></u>

#### 41.4 Waste Disposal

The Council entered into a twenty year contract with Viridor in 2000 to supply waste to their landfill site in Dunbar. The contract requires the Council to supply an agreed tonnage to the landfill site each calendar year. Fees are subject to review twice a year, based on civil engineering indices.

Under the agreement the Council is committed to paying the following sums in cash terms (assuming an increase of 2% per annum):

<b>Future Repayment</b>	
<b>Period</b>	<b>£000</b>
2015/16	3,099
2016/17 - 2019/20	13,030
2020/21	<u>1,418</u>
	<u><b>17,547</b></u>

#### 41.5 Other Rolling Contracts

The Council has entered into a number of rolling contracts to provide services, which are mainly care orientated through 'Supporting People'. The annual value of these contracts is £23.573m.

## NOTES TO THE FINANCIAL STATEMENTS

### 42. Pension schemes accounted for as defined contribution schemes

The Scottish Teachers' Superannuation Scheme is an unfunded scheme administered by the Scottish Public Pensions Agency. The scheme is excluded from the accounting requirements of IAS 19 as it is a national scheme which does not allow for the identification of pension liabilities consistently and reliably between participating authorities. The accounts, therefore, only include the payments made by the Council to the scheme in year and do not reflect the estimated pension assets or liabilities of the scheme. The exception to this are payments in relation to unfunded pension enhancements for members of the scheme as they are administered through the Local Government Pension Scheme and are taken into consideration in accounting for pension costs under IAS 19.

	2014/15		2013/14	
	£000	%	£000	%
Amount paid to Scottish Government in respect of teachers' pension costs	18,335		18,002	
As a percentage of teachers' pensionable pay		14.90		14.90
Amount paid in respect of added years	0		0	
As a percentage of teachers' pensionable pay		0.00		0.00
Capitalised value of discretionary awards entered into prior to 2013/14	21,123		20,949	

At 31 March 2015, creditors include £2.487m (2013/14 £2.653m) in respect of teachers' superannuation.

### 43. Defined Pension Schemes

#### 43.1 Participation in Pension Scheme

The Council makes contributions towards the cost of post-employment benefits. Although these benefits will not be payable until employees retire, the Council has a commitment to make payment for those benefits and to disclose them at the time that employees earn their future entitlement.

Employees other than teachers are eligible to join the Local Government Pension Scheme. The pension costs charged to Services in respect of these employees have been calculated under IAS 19 - Employee Benefits.

In terms of this scheme, in 2014/15 the Council paid an employer's contribution of £54.843m (2013/14 £53.537m) into the Lothian Pension Fund, representing 21.3% (2013/14 21.3%) of pensionable pay. Contribution rates are determined by the Fund's Actuary based on triennial actuarial valuations of the pension fund. The latest review was in March 2014.

The Fund's Actuary is unable to provide an analysis of IAS19 pension costs by individual service. The charge in the Comprehensive Income and Expenditure Statement applied against each service included in 'Cost of Services' reflects an apportionment of costs in line with the actual cash payments made by the Council to Lothian Pension Fund.

#### 43.2 Transactions Relating to Post-Employment Benefits

The cost of pension benefits, as assessed by the Fund's Actuary and reflected within 'Cost of Services', differed from the cash payment to the Fund charged against Council Tax. The following summarises the entries reflected within the Comprehensive Income and Expenditure Statement in respect of accounting for pensions under IAS19. The amount by which pension costs calculated in accordance with IAS19 are different from the contributions due under the pension scheme regulations is included in the Movement in Reserves Statement.

## NOTES TO THE FINANCIAL STATEMENTS

### 43. Defined Pension Schemes - continued

#### 43.2 Transactions Relating to Post-Employment Benefits - continued

	2014/15		2013/14	
	£000	£000	£000	£000
<b>Comprehensive Income and Expenditure Statement</b>				
<i>Cost of services:</i>				
Service cost, comprising:				
Current service costs	72,084		62,924	
Past service costs	<u>744</u>		<u>1,159</u>	
		72,828		64,083
<i>Financing and investment income:</i>				
Net interest expense		<u>23,254</u>		<u>20,364</u>
<b>Total post employee benefit charged to the surplus on the provision of services</b>		96,082		84,447
<i>Other post-employment benefits charges to the Comprehensive Income / Expenditure Statement</i>				
Re-measurement of the net defined liability, comprising:				
Return on plan assets, excluding the amount incl. in the net interest expense above.	(204,649)		(25,871)	
Actuarial gains and (losses) arising on changes in financial assumptions	284,632		86,569	
Actuarial gains and (losses) arising on changes in demographic assumptions	103,126		0	
Other experience	<u>(26,361)</u>		<u>(77)</u>	
		<u>156,748</u>		<u>60,621</u>
<b>Total post-employment benefits charged to the Comprehensive Income / Expenditure Statement</b>		<u>252,830</u>		<u>145,068</u>
<b>Movement in Reserves Statement</b>				
Reversal of net charges made to the surplus on the provision of services for post-employment benefits in accordance with the Code.		<u>(191,471)</u>		<u>(84,913)</u>
<b>Actual amount charged against the General Fund Balance for pensions in the year:</b>				
Employer's contributions payable to the scheme		55,002		53,957
Contributions in respect of unfunded benefits		<u>6,357</u>		<u>6,198</u>
		<u>61,359</u>		<u>60,155</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 43. Defined Pension Schemes - continued

#### 43.3 Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligations in respect of its defined benefit plan is as follows:

	<b>2014/15</b>	<b>2013/14</b>
	<b>£000</b>	<b>£000</b>
Fair value of employer assets	2,144,897	1,862,816
Present value of funded liabilities	(2,782,482)	(2,311,390)
Present value of unfunded liabilities	<u>(89,384)</u>	<u>(86,924)</u>
Net liability arising from defined benefit obligation	<u><u>(726,969)</u></u>	<u><u>(535,498)</u></u>

#### 43.4 Reconciliation of the Movements in the Fair Value of Scheme Assets

	<b>2014/15</b>	<b>2013/14</b>
	<b>£000</b>	<b>£000</b>
Opening fair value of scheme assets	1,862,816	1,755,330
Interest income	79,991	79,047
Re-measurement gain / (loss):		
Return on plan assets, excluding the amount included in the net interest expense	204,649	25,871
Contributions from employer	55,002	53,957
Contributions from employees into the scheme	16,416	16,055
Contributions in respect of unfunded benefits	6,357	6,198
Benefits paid	(73,977)	(67,444)
Unfunded benefits paid	<u>(6,357)</u>	<u>(6,198)</u>
Closing fair value of scheme assets	<u><u>2,144,897</u></u>	<u><u>1,862,816</u></u>

#### Reconciliation of Present Value of the Scheme Liabilities

	<b>2014/15</b>	<b>2013/14</b>
	<b>£000</b>	<b>£000</b>
Present value of funded liabilities	(2,311,390)	(2,118,412)
Present value of unfunded liabilities	<u>(86,924)</u>	<u>(87,503)</u>
Opening balance at 1 April	(2,398,314)	(2,205,915)
Current service cost	(72,084)	(62,924)
Interest cost	(103,245)	(99,411)
Contributions from employees into the scheme	(16,416)	(16,055)
Re-measurement gain / (loss):		
Change in financial assumptions	(284,632)	(86,569)
Change in demographic assumptions	(103,126)	0
Other experience	26,361	77
Past service cost	(744)	(1,159)
Benefits paid	73,977	67,444
Unfunded benefits paid	<u>6,357</u>	<u>6,198</u>
Closing balance at 31 March	<u><u>(2,871,866)</u></u>	<u><u>(2,398,314)</u></u>

## NOTES TO THE FINANCIAL STATEMENTS

### 43. Defined Pension Schemes - continued

#### 43.5 Fair Value of Employer Assets

The following asset values are at bid value as required under IAS19.

	2014/15 £000	%	2013/14 £000	%
Consumer *	300,827	14	282,290	15
Manufacturing *	252,298	12	254,278	14
Energy and Utilities *	214,314	10	207,286	11
Financial Institutions *	176,717	8	129,756	7
Health and Care *	146,156	7	127,092	7
Information technology *	134,141	6	121,181	7
Other *	<u>96,065</u>	4	<u>82,308</u>	4
Sub-total Equity Securities	<u>1,320,518</u>		<u>1,204,191</u>	
Debt Securities:				
Corporate Bonds (investment grade) *	0	0	60,222	3
Corporate Bonds (non-investment grade) *	0	0	9,058	1
UK Government *	124,200	6	63,394	3
Other *	<u>52,894</u>	3	<u>1,590</u>	0
Sub-total Debt Securities	<u>177,094</u>		<u>134,264</u>	
Private Equity				
All *	0	0	15,180	1
All	<u>248,710</u>	12	<u>210,795</u>	11
Sub-total Private Equity	<u>248,710</u>		<u>225,975</u>	
Real Estate:				
UK Property	140,297	7	129,788	7
Overseas Property	<u>21,751</u>	1	<u>15,092</u>	1
Sub-total Real Estate	<u>162,048</u>		<u>144,880</u>	
Investment Funds and Unit Trusts:				
Equities *	23,272	1	19,329	1
Equities	0	0	6,922	0
Bonds *	6,161	0	0	0
Bonds	0	0	7,956	1
Commodities *	6,854	0	0	0
Commodities	0	0	6,329	0
Infrastructure *	12,898	1	0	0
Other *	6,933	0	0	0
Other	<u>7,662</u>	0	<u>6,055</u>	0
Sub-total Investment Funds and Unit Trusts	<u>63,780</u>		<u>46,591</u>	
Derivatives:				
Foreign Exchange *	3,289	0	0	0
Other *	<u>0</u>	0	<u>196</u>	0
Sub-total Derivatives	<u>3,289</u>		<u>196</u>	
Cash and Cash Equivalents				
All *	<u>169,458</u>	8	<u>106,719</u>	6
Sub-total Cash and Cash Equivalents	<u>169,458</u>		<u>106,719</u>	
Total Fair Value of Employer Assets	<u>2,144,897</u>	<u>100</u>	<u>1,862,816</u>	<u>100</u>

**Scheme assets marked with an asterisk (\*) have quoted prices in active markets.**

## NOTES TO THE FINANCIAL STATEMENTS

### 43. Defined Pension Schemes - continued

#### 43.6 Basis for Estimating Assets and Liabilities

Hymans Robertson, the independent actuaries to Lothian Pension Fund, have advised that the financial assumptions used to calculate the components of the pension expense for the year ended 31 March 2015 were those from the beginning of the year (i.e. 31 March 2014) and have not been changed during the year. The main assumptions in the calculations are:

#### Investment returns

Actual return for period from 1 April 2014 to 31 December 2014	10.10%
Estimated return for period from 1 April 2014 to 31 March 2015	17.20%

#### Average future life expectancies at age 65:

		31.03.15	31.03.14
Current pensioners	male	22.1 years	20.4 years
Current pensioners	female	23.7 years	22.8 years
Future pensioners	male	24.2 years	22.6 years
Future pensioners	female	26.3 years	25.4 years

Period ended	Weighted Average Duration			31.03.14
	Short 31.03.15	Medium 31.03.15	Long 31.03.15	
Pension increase rate	2.1%	2.4%	2.5%	2.8%
Salary increase rate (see below)	4.0%	4.3%	4.4%	5.1%
Discount rate	3.1%	3.2%	3.3%	4.3%

Estimation of defined benefit obligations is sensitive to the actuarial assumptions set out above. In order to quantify the impact of a change in the financial assumptions used, the Actuary has calculated and compared the value of the scheme liabilities as at 31 March 2015 on varying bases. The approach taken by the Actuary is consistent with that adopted to derive the IAS19 figures.

For example, to quantify the uncertainty around life expectancy, the Actuary has calculated the difference in cost to the Employer of a one year increase in life expectancy. For sensitivity purposes, this is assumed to be an increase in the cost of benefits of broadly 3%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption and changes in some of the assumptions may be interrelated.

Change in assumptions at 31 March 2015	Approximate % Increase to Employer	Approximate Monetary Amount £000
0.5% decrease in Real Discount Rate	10%	286,599
1 year increase in member life expectancy	3%	86,156
0.5% increase in the Salary Increase Rate	3%	98,188
0.5% increase in the Pension Increase Rate	7%	181,425

#### 43.7 Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council has agreed a contribution stability mechanism with the scheme's actuary until 31 March 2018. Thereafter, for the next actuarial valuation period of three years, rates could vary from this rate by a maximum of 0.5% or a minimum of 0.5% per annum.

## NOTES TO THE FINANCIAL STATEMENTS

### 43. Defined Pension Schemes - continued

#### 43.8 Information about the defined benefit obligation

	Liability Split		Duration
	£000	%	
Active members	1,482,169	53.3	23.1
Deferred members	335,701	12.1	22.4
Pensioner members	<u>964,612</u>	<u>34.6</u>	<u>11.9</u>
Total	<u>2,782,482</u>	<u>100.0</u>	<u>18.3</u>

The above figures are for funded obligations only and do not include the unfunded pensioner liabilities. The durations are effective as at the previous formal valuation as at 31 March 2014.

The unfunded pensioner liability at 31 March 2015 comprises approximately £68.261m in respect of LGPS unfunded pensions and £21.123m in respect of teachers' unfunded pensions. For unfunded liabilities as at 31 March 2015, it is assumed that all unfunded pensions are payable for the remainder of the member's life. It is further assumed that 90% of pensioners are married (or cohabiting) at death and that their spouse (cohabitee) will receive a pension between 37.5% and 50% of the member's pension as at the date of the member's death.

#### 43.9 Pension Reserves - Group Position

The pension reserves shown in the Group Balance Sheet relate to the Council. Pension reserves for the Valuation Joint Board are included in unusable reserves. Local government legislation provides that local authorities have an obligation to meet the expenditure of the joint boards of which they are constituent members. As a consequence, the City of Edinburgh Council has obligations to meet the liabilities arising from the joint board pension deficits as they fall due. Pension reserves for other companies in the group are included in usable reserves. The value of the pension reserves is shown separately below.

	2014/15 Pension Reserve (Injuries) £000	2013/14 Pension Reserve (Injuries) £000
<b>Unusable Reserves</b>		
Council	(726,969)	(535,498)
Lothian Valuation Joint Board	<u>(7,267)</u>	<u>(4,942)</u>
	<u>(734,236)</u>	<u>(540,440)</u>
<b>Usable Reserves</b>		
CEC Holdings	(1,289)	(1,289)
Festival City Theatres Trust	(122)	(100)
Edinburgh Leisure	(2,169)	(2,169)
Transport for Edinburgh Ltd	<u>(10,497)</u>	<u>10,488</u>
	<u>(14,077)</u>	<u>6,930</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 43. Defined Pension Schemes - continued

#### 43.10 Analysis of projected amount to be charged to profit or loss for the period to 31 March 2016

	Assets £000	Obligations £000	Net (liability) / asset £000	% of pay
Current service cost	0	(81,608)	(81,608)	(31.2%)
Past service cost including curtailments	0	0	0	0.0%
Effect of settlements	0	0	0	0.0%
Total Service Cost	0	(81,608)	(81,608)	(31.2%)
Interest income on plan assets	68,446	0	68,446	26.2%
Interest cost on defined benefit obligation	0	(92,020)	(92,020)	(35.2%)
Total Net Interest Cost	68,446	(92,020)	(23,574)	(9.0%)
Total included in Profit or Loss	68,446	(173,628)	(105,182)	(40.2%)

The Council's estimated contribution to Lothian Pension Fund for 2015/16 is £55.638m.

#### 43.11 Strain on the Pension Fund

Lothian Pension Fund has the right to require the Council to make additional payments to the pension fund to reflect the extra cost to the pension fund of immediate payment of benefits to employees who retire early on efficiency, redundancy or voluntary grounds. This amounted to £2.705m, including accrued payments (2013/14 £2.936m).

#### 43.12 Further Information

Further information on Lothian Pension Fund can be found in the Council's Pension Fund's Annual Report which is available upon application to the Investments and Pensions Service Manager, Atria One, 144 Morrison Street, Edinburgh, EH3 8EX

### 44. Contingent Liabilities

#### 44.1 Contingent Liabilities

- There may be outstanding liability claims or claims to be submitted against the Council in relation to insured and uninsured losses or incidents. The actual cost and timing of any claims cannot be estimated with reasonable accuracy and consequently no specific provision has been made in the financial statements in respect of any such claims.
- The provision for equal pay claims includes an estimate of the costs for all staff with unsettled equal pay claims against the Council as at 31 March 2015. Additional equal pay liabilities may arise if further eligible claims are made. This potential additional liability will be confirmed only by further eligible claims being lodged and its amount cannot be estimated with reasonable accuracy. Consequently, no provision has been made in the financial statements in respect of this.
- Whilst the Council has made an impairment provision for statutory repairs debtors, there may also be further liability claims against the Council in relation to works carried out under statutory repair notices served by the Council. The actual cost of these claims cannot be estimated with reasonable accuracy. It is also not possible to estimate precisely when these claims could become due.
- There may be claims submitted against the Council in relation to a decision by the European Court of Justice under the Working Time Directive. The actual cost and timing of any claims cannot be estimated with reasonable accuracy and consequently no specific provision has been made in the financial statements in respect of any such claims.



# NOTES TO THE FINANCIAL STATEMENTS

## 45. Nature and Extent of Risks Arising from Financial Instruments

### 45.1 Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The Council complies with the CIPFA Prudential Code and has adopted the CIPFA Treasury Management in the Public Services Code of Practice. Overall these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice;
- by approving annually in advance prudential indicators for the following three years limiting:
  - the Council's overall borrowing;
  - its maximum and minimum exposures to fixed and variable rates;
  - its maximum and minimum exposures in the maturity structure of its debt;
- by selecting investment counterparties in compliance with the Council's Treasury Policy Statement.

The annual treasury management strategy which incorporates the prudential indicators was approved by the Council on 12 March 2015 and is available on the Council website. The key issues within the strategy are:

- The authorised limit for 2015/16 has been set at £1.771bn. This is the maximum limit for external borrowings and other long term liabilities.
- The operational boundary for 2015/16 has been set at £1.750bn. This is the expected level of debt and other long term liabilities during the year.
- The maximum amounts of fixed and variable interest rate exposure were set at 100% and 75% of the Council's net debt respectively.

The prudential indicators are reported and approved as part of the Council's annual budget setting process. Actual performance is also reported annually to members of the Council.

### 45.2 Key Risks

The Council's activities expose it to a variety of financial risks, the key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- Re-financing risk – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

### 45.3 Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are with banks, building societies, and other institutions in line with the Council's prevailing counterparty limits as set out in the Council's treasury policy statement. Investment decisions are considered daily as part of the daily cash flow management by the Council's Treasury Team who can, and do, restrict the list further in light of market conditions.

The Council's funds are managed along with those of Lothian Pension Fund, the Forth Estuary Transport Authority and some other related organisations which are pooled for investment purposes as a treasury cash fund. Management of the cash fund is on a low risk, low return basis, with security of the investments the key consideration while at the same time seeking innovative and secure cash investment opportunities. This arrangement has allowed a better management of the Council's risk in the exceptional financial and market circumstances in recent years.

## NOTES TO THE FINANCIAL STATEMENTS

### 45. Nature and Extent of Risks Arising from Financial Instruments - continued

#### 45.3 Credit Risk - continued

As well as lending monies to other local authorities, the Council purchases UK Government Treasury Bills and has previously purchased Bonds and Floating Rate Notes with an explicit UK Government Guarantee. At 31st March 2015, the Council had no short term investments. Of the net Cash and Cash Equivalents, 2.6% were UK Government Treasury Bills, and a further 29.6% was held in two AAA rated Money Market Funds. All of the monies held on deposit at 31 March 2015 was in call or near call accounts with banks, with the exception of £2.5m held in the form of a Certificate of Deposit from Rabobank, a £2.5m fixed deposit with an Australian Bank and £2.5m held in two fixed term deposits with a UK building society.

The Council has reviewed its investment arrangements in light of the changes to the creditor hierarchy in the event of the insolvency of a bank. The Council has amended its cash Treasury Policy Statement to allow greater investment in collateralised instruments, such as covered bonds, which provide the Council with a greater level of protection in the event of an insolvency.

Excluding loans and receivables of £2.88m which are also shown in Creditors, the Council's own cash holding under its treasury management arrangements at 31 March 2015 was £96.4 million (31 March 2014: £38.3m). This was held with the following institutions:

Summary	Standard and Poors Rating	Principal Outstanding 31.03.15 £000	Carry Value 31.03.15 £000	Fair Value 31.03.15 £000	Carry Value 31.03.14 £000
<b>Money Market Funds</b>					
Deutsche Bank AG, London	AAA	14,146	14,152	14,152	5,043
Goldman Sachs	AAA	14,130	14,135	14,135	2,823
<b>Bank Call Accounts</b>					
Bank of Scotland	A	9,105	9,108	9,108	3,483
Royal Bank of Scotland	A-	1,278	1,278	1,278	1,313
Santander UK	A	8,836	8,839	8,839	3,603
Barclays Bank	A	9,226	9,238	9,238	3,514
Svenska Handelsbanken	AA-	14,368	14,373	14,373	5,415
Clydesdale Bank	AA-	3,736	3,736	3,736	0
HSBC Bank Plc	AA-	14,057	14,061	14,061	5,224
<b>Floating Rate Note</b>					
Rabobank	A+	2,491	2,509	2,509	0
<b>Building Society Fixed Term Deposits</b>					
Nationwide Building Society	A	2,490	2,491	2,491	1,743
<b>UK Pseudo-Sovereign Risk Instruments</b>					
Local Authorities (see Note 1)	n/a	0	0	0	4,381
UK Government Treasury Bills	AAA	2,490	2,490	2,490	1,742
		<u>96,353</u>	<u>96,410</u>	<u>96,410</u>	<u>38,284</u>

The Council's maximum exposure to credit risk in relation to its direct investments in banks and building societies of £65.6m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but the Council takes a low risk approach to investment. Despite continuing concerns over the European Sovereign Debt crisis and the effects that this might have on the banking system, there was no evidence at 31 March 2015 that this risk was likely to crystallise.

## NOTES TO THE FINANCIAL STATEMENTS

### 45. Nature and Extent of Risks Arising from Financial Instruments - continued

#### 45.3 Credit Risk - continued

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits. In October 2008 the Icelandic banking sector defaulted on its obligations. The Council has never had any exposure to Icelandic banks and had no investment in the sector at that time.

In line with the Investment Regulations governing local authorities introduced in 2010, the Council approved an annual investment strategy and treasury policy statement for both the Council and the Cash Fund at its March 2015 meeting. The papers are available on the Council's website. A full list of the deposits outstanding at 31 March 2015 is contained in the Treasury Cash Fund Investment Report for Quarter 1 2015. This is available on request from the Council's Treasury Section - Waverley Court, 4 East Market Street, Edinburgh, EH8 8BG.

All Council invoices become due for payment on issue. Excluding pre-payments of £1.767m (2013/14 £2.634m), trade debtors past due date can be analysed by age as follows:

	2014/15 £000	2013/14 £000
Less than two months	18,283	14,108
Two to four months	2,008	1,312
Four to six months	2,066	507
Six months to one year	2,849	2,040
More than one year	11,093	11,925
Total	<u>36,299</u>	<u>29,892</u>

Collateral – During the reporting period the Council held no collateral as security.

#### 45.4 Liquidity risk

The Council carries out short and medium term cash flow management to ensure that it will have sufficient liquidity to cover all of its payment obligations. This includes monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs. The Council also has ready access to borrowings from the money markets to cover any day to day cash flow needs. It is anticipated that some short to medium term borrowing is likely to be required within the next financial year to meet cashflow and working capital requirements. This will be managed as part of the Council's short- and medium-term cashflow monitoring as required.

Whilst the PWLB provides access to longer term funds, it also acts as a lender of last resort to the Council. The Council is also required by statute to provide a balanced budget, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through cash flow management procedures required by the Code of Practice.

#### 45.5 Re-financing and Maturity Risk

The Council maintains significant debt and investment portfolios. The re-financing risk to the Council relates to managing the exposure to replacing financial instruments as they mature. As shown in the chart in 45.6, the majority of the Council's debt portfolio consists of fixed rate longer term loans, and as such, the Council has a relatively low re-financing risk on its liabilities. However, the Council has market debt which allows the lender the option to ask for a rate increase at set dates and at that point the Council may choose to repay the loan at no additional cost. This gives a potential re-financing risk which the Council monitors and manages.

# NOTES TO THE FINANCIAL STATEMENTS

## 45. Nature and Extent of Risks Arising from Financial Instruments - continued

### 45.5 Re-financing and Maturity Risk - continued

The Council's approved treasury strategy addresses the main risks and the treasury team address the operational risks within approved parameters. This includes monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt. However, with the increase in borrowing rates announced in the Government's Comprehensive Spending Review in October 2010, it is now unlikely that there will be much scope for any substantial debt rescheduling.

The maturity analysis of the principal outstanding on the Council's financial liabilities is as follows:

	<b>2014/15</b>	<b>2013/14</b>
	<b>£000</b>	<b>£000</b>
Less than one year	(75,077)	(50,315)
Between one and two years	(65,227)	(58,204)
Between two and five years	(188,310)	(182,328)
Between five and ten years	(260,587)	(274,586)
More than ten years	<u>(1,063,998)</u>	<u>(1,079,491)</u>
Financial Liabilities	<u>(1,653,199)</u>	<u>(1,644,924)</u>

All trade and other payables are due to be paid in less than one year and trade creditors of £18.597m (2013/14 £11.141m) are not shown in the table above. The above figures show the principal outstanding, therefore, neither accrued interest of £17.854m (2013/14 £18.293m) nor net equivalent interest rate (EIR) adjustments of £9.074m (2013/14 £9.196m) to the carrying amounts of market debt shown in the financial liabilities are included.

The only investments which the Council has with a maturity of greater than one year is £3.5m in EDI loan stock.

### 45.6 Market risk

#### Interest rate risk

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- borrowings at fixed rates – the fair value of the borrowing liability will fall;
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement or Movement in Reserves Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure Statement and affect the General Fund Balance, subject to influences from Government grants. Movements in the fair value of fixed rate investments will be reflected in the Movement in Reserves Statement, unless the investments have been designated as fair value through the Comprehensive Income and Expenditure Statement.

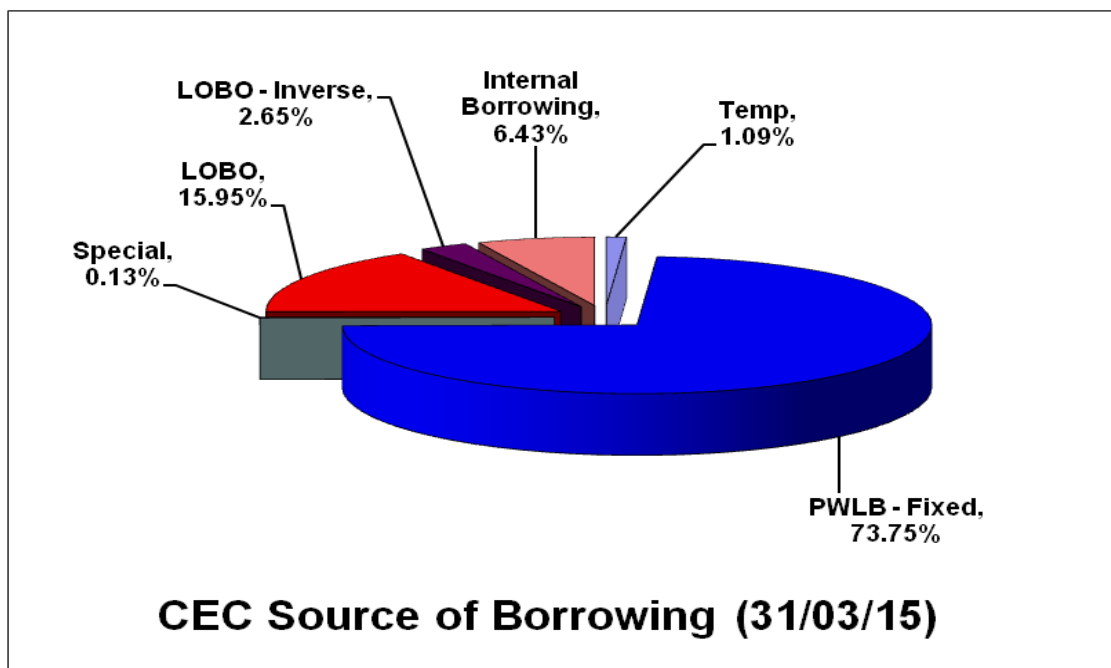
The Council has a number of strategies for managing interest rate risk. The annual treasury management strategy includes a forecast for short and longer term interest rates. The treasury team continue to monitor market and forecast interest rates during the year and adjust investment policies accordingly. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns. Any such strategy is run within the short and medium term liquidity requirements of the Council.

## NOTES TO THE FINANCIAL STATEMENTS

### 45. Nature and Extent of Risks Arising from Financial Instruments - continued

#### 45.6 Market risk - continued

The following chart shows the source of the Council's borrowing. Most of the Council's borrowings are from the Government by way of the Public Works Loans Board (PWLB). As interest rates are historically low, none of the PWLB borrowing was variable rate.



#### Price Risk

The Council does not generally invest in equity shares but does have shareholdings to a value of £23.335m (2013/14 £23.335m) in a number of Council owned Companies and joint ventures. Whilst these holdings are generally illiquid, the Council is exposed to losses arising from movements in the prices of the shares.

As the shareholdings have arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio.

#### Foreign exchange risk

The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

### 46. Business Improvement District Scheme

The Council acts as the Billing Authority for a number of Business Improvement Districts (BID). The Council collects a levy from the business rate payers on behalf of the BID bodies, Essential Edinburgh, Greater Grassmarket and Queensferry Ambition.

	2014/15	2013/14
	£000	£000
Monies to be recovered from ratepayers at 1 April	29	5
BID Levy Income	2,389	1,147
Less: Payments made / due to schemes	<u>(2,228)</u>	<u>(1,123)</u>
Monies still to be recovered from ratepayers at 31 March	<u>190</u>	<u>29</u>

The monies raised through the BIDs are used to fund activities around similar key themes, including:

- area promotion - advertising, marketing and events
- clean and attractive area - cleaning teams, floral displays, street décor, cleanliness surveys
- safe and secure area - CCTV, improved lighting, transport marshals
- accessibility - pedestrian friendly environment, parking promotions, signage; and
- business initiatives - grants, skills partnerships, start up advice

## NOTES TO THE FINANCIAL STATEMENTS

### 47. The City of Edinburgh Council Charitable Funds

The City of Edinburgh Council administers a number of charitable funds. Over the last two years, the Council has rationalised the number of charitable trusts down from over a hundred to ten. In 2011/12, 28 charities were consolidated into one new charity, the Edinburgh Education Trust.

#### 47.1 Purpose, and financial position, of the largest of the charitable funds

- **Jean F. Watson Bequest (Scottish Charity Reg. No. SC018971)**

The purpose of the fund is to purchase works of art by artists who have connections with the city.

	<b>31.03.15</b>	<b>(re-stated)</b> <b>31.03.14</b>
	<b>£000</b>	<b>£000</b>
The financial results of the fund are as follows:		
Income	(25)	(21)
Expenditure	1	0
Assets	6,198	4,805
Liabilities	0	0

- **Surplus Fire Fund (Scottish Charity Reg. No. SC018967)**

The purposes of the fund are to offer relief to persons that have suffered as the result of a fire and to recognise meritorious service in connection with fires. In both cases the fire must have occurred in the Edinburgh area.

A decision was made to transfer the Surplus Fire Fund (SFF) to the Edinburgh Voluntary Organisations Trust (EVOT) by the Pension and Trusts Committee on 6 December 2011. The transfer was agreed subject to a safeguard in the deed of appointment which ensures that the Surplus Fire Fund operates as a restricted fund within EVOT and that the Fire Brigades Union will have the right to send up to two representatives to meetings where Surplus Fire Fund business is considered. The transfer required new legislation to be passed which successfully progressed through the Scottish Parliament in April 2014. As a result, the transfer was successfully completed in 2014/15

	<b>31.03.15</b>	<b>31.03.14</b>
	<b>£000</b>	<b>£000</b>
The financial results of the fund are as follows:		
Income	(9)	(30)
Expenditure	2	38
Assets	0	1,289
Liabilities	0	(6)

- **Lauriston Castle (Scottish Charity Reg. No. SC020737)**

The purpose of the fund is for the advancement of arts, heritage and culture linked to Lauriston Castle.

	<b>31.03.15</b>	<b>31.03.14</b>
	<b>£000</b>	<b>£000</b>
The financial results of the fund are as follows:		
Income	(1)	(1)
Expenditure	1	1
Assets	7,041	7,038
Liabilities	0	0

- **Edinburgh Education Trust (Scottish Charity Reg No SC042754)**

The purposes of the Trust include the advancement of education, citizenship and community development, and the organisation of recreational activities.

	<b>31.03.15</b>	<b>(re-stated)</b> <b>31.03.14</b>
	<b>£000</b>	<b>£000</b>
The financial results of the fund are as follows:		
Income	(21)	(14)
Expenditure	5	9
Assets	879	815
Liabilities	0	0

## NOTES TO THE FINANCIAL STATEMENTS

### 47. The City of Edinburgh Council Charitable Funds - continued

#### 47.2 The main funds are:

Scottish Registered Charities	Scottish Charity	Market Value	(re-stated)
	Registration Number	31.03.15 £000	Market Value 31.03.14 £000
Lauriston Castle	SC020737	7,041	7,038
Jean F. Watson	SC018971	6,198	4,805
Surplus Fire Fund	SC018967	n/a	1,283
Edinburgh Education Trust	SC042754	879	815
Nelson Halls	SC018946	224	209
Boyd Anderson	SC025067	121	123
Usher Hall Appeal	SC030180	70	72
Royal Scots Memorial Trust	SC018945	32	29
Total market value		<u>14,565</u>	<u>14,374</u>

These funds do not represent assets of the Council and are not included in the Consolidated Balance Sheet.

### 47.3 Financial Position of the Scottish Registered Charity Funds

2013/14	Income and Expenditure Account	Note	2014/15
£000			£000
	<b>Income</b>		
(72)	Investment income		(64)
<u>0</u>	Other non-investment income		<u>0</u>
(72)			(64)
	<b>Expenditure</b>		
(14)	Prizes, awards and other expenses	1.	11
<u>14</u>	Administrative expenses		<u>9</u>
<u>0</u>			<u>20</u>
<u>(72)</u>	Surplus for the year		<u>(44)</u>

#### Notes

- The negative expenditure shown against Prizes, Awards and Other Expenses in 2013/14 relates to the reversal of accruals made in respect of awards agreed by the Boyd Anderson Trust. The potential creditors were not able to meet the conditions set for payment of the awards.

## NOTES TO THE FINANCIAL STATEMENTS

### 47. The City of Edinburgh Council Charitable Funds - continued

#### 47.3 Financial Position of the Scottish Registered Charity Funds - continued

2013/14 Balance Sheet £000	2014/15 £000
<b>Long-Term Assets</b>	
3,008 Investments	1,933
3,928 Artworks - Jean Watson Trust	5,232
<u>7,020</u> Heritable property	<u>7,020</u>
13,956 <b>Total Long-Term Assets</b>	14,185
<b>Current Assets</b>	
<u>478</u> Cash and bank	<u>412</u>
478	412
<b>Current Liabilities</b>	
<u>(60)</u> Creditors	<u>(33)</u>
(60)	(33)
<u>14,374</u> <b>Total Assets less Liabilities</b>	<u>14,564</u>
<b>Capital at 1 April</b>	
4,160	14,374
72 Surplus for the year	44
69 Realised and unrealised gains on investments	133
(1) Realised and unrealised losses on investments	0
10,074 Revaluation reserve	1,304
<u>0</u> Surplus Fire Fund Transfer to EVOT	<u>(1,291)</u>
<u>14,374</u> <b>Capital at 31 March</b>	<u>14,564</u>

At the request of the Office of the Scottish Charity Regulator, a separate Trustee's Report and Accounts have been prepared which give further information on the Scottish registered charities in the trusteeship of the Council. A copy of this document may be obtained from the Council's Finance Division - Business Centre 2.6, Waverley Court, 4 East Market Street, Edinburgh, EH8 8BG.



## NOTES TO THE FINANCIAL STATEMENTS

### 47. The City of Edinburgh Council Charitable Funds - continued

#### 47.4 Financial Position of Other Funds

2013/14 Income and Expenditure Account		2014/15
£000	Income	£000
(1)	Investment income	0
(1)		0
<b>Expenditure</b>		
1	Administrative expenses	1
1		1
0	(Surplus) / Deficit for the year	1
2013/14 Balance Sheet		2014/15
£000	Current Assets	£000
48	Cash and bank	48
48		48
<b>Current Liabilities</b>		
(1)	Balance with City of Edinburgh Council	(2)
(1)		(2)
47	<b>Total Assets less Liabilities</b>	46
47	<b>Capital at 1 April</b>	47
0	Deficit for the year	(1)
0	Compensation fund paid	0
47	<b>Capital at 31 March</b>	46

### 48. Scottish Cities Alliance

The Scottish Cities Alliance was created in 2012 to promote collaboration between Scotland's cities and the Scottish Government to grow city economies, create jobs and deliver benefits across the country. Total Scottish Government investment funding of £7m has been provided to take forward a range of relevant initiatives. The Council undertakes, on an agency basis, the associated financial administration. During the year, £1.337m was paid out to the respective lead authorities of the projects concerned.

	2014/15		2013/14	
	£000	£000	£000	£000
Balance as at 1 April		6,045		6,909
Contribution from Scottish Government		90		0
Investment income		21		25
Less: Payments made:				
Aberdeen City Council	(64)		(42)	
City of Edinburgh Council	(749)		(340)	
Dundee City Council	(140)		(49)	
Glasgow City Council	(367)		(280)	
Highland Council	(15)		(148)	
Perth and Kinross Council	(2)		(10)	
Stirling Council	0		(20)	
		(1,337)		(889)
Balance as at 31 March		<b>4,819</b>		<b>6,045</b>

As of April 2015, the Alliance had approved total project funding allocations of £3.96m (£2.65m April 2014), covering a range of initiatives spanning the areas of sustainability, digital connectivity and city promotion.

The funding to the Scottish Council for Development and Industry will be paid on receipt of authorisation from the Scottish Government.

## NOTES TO THE FINANCIAL STATEMENTS

### 49. Prior Period Adjustments

49.1 The following prior period adjustments have been made. The changes are adopted retrospectively for the prior period 2013/14, in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors.

#### Group Account Changes

- The 2013/14 Group Accounts included the results of Lothian Buses. The Council's major shareholding in Lothian Buses was transferred to Transport for Edinburgh Limited in 2014. The comparative figures have been restated to show the results of Transport for Edinburgh.
- Lothian Valuation Joint Board has restated the 2013/14 accounts for losses on disposal of non-current assets.
- CEC Holdings Ltd has restated the 2013/14 accounts to reclassify land.

### 49.2 Impact on Financial Statements

Movement in Reserves Statement	2013/14 Statements £000	Transport for Edinburgh £000	CEC Holdings £000	Lothian Valuation Board £000	2013/14 Re-stated £000
<u>Balance at 31 March 2014</u>					
Group usable reserves	1,347	5,227	2,113	0	8,687
Group unusable reserves	1,311,895	(5,457)	68	0	1,306,506
<u>Surplus on the provision of services</u>					
Group usable reserves	5,247	(2)	(735)	(5)	4,505
<u>Other comprehensive income and expenditure</u>					
Group usable reserves	17,896	2	(4)	0	17,894
Group unusable reserves	698	0	(1)	0	697
<u>Adjustments between accounting basis and funding basis under regulations</u>					
Group usable reserves	247	0	0	5	252
Group unusable reserves	(247)	0	0	(5)	(252)
<u>Transfer to / (from) other statutory reserves</u>					
Group usable reserves	142	(8,288)	0	0	(8,146)
Group unusable reserves	(142)	8,288	0	0	8,146
<u>Minority interest and other consolidation adjustments</u>					
Group usable reserves	2,475	(2,475)	0	0	0
Group unusable reserves	12	(5,836)	0	0	(5,824)
<u>Balance at 31 March 2014</u>					
Group usable reserves	22,404	(588)	1,376	0	23,192
Group unusable reserves	101,114	7,907	(67)	(5)	108,949

## NOTES TO THE FINANCIAL STATEMENTS

### 49. Prior Period Adjustments - continued

#### 49.2 Impact on Financial Statements - continued

##### Group Comprehensive Income and Expenditure Statement

	2013/14 Statements £000	Transport for Edinburgh £000	CEC Holdings £000	Lothian Valuation Board £000	2013/14 Re-stated £000
Planning and Development Services	31,690	0	1,499	0	33,189
Other Operating Income and Expenditure	111	0	93	0	204
Associates and joint ventures	1,719	0	0	5	1,724
Cost of Services	953,729	0	1,592	5	955,326
Financing and Investment Income / Expenditure					
- Net (surplus) / deficit from trading activities	(148)	0	(94)	0	(242)
Taxation and Non-Specific Grant Income					
- Taxation expenses	2,669	2	(763)	0	1,908
Deficit on Provision of Services	41,228	2	735	5	41,970
Other unrealised losses	(16,961)	0	3	0	(16,958)
Total Comprehensive Expenditure	35,676	2	738	5	36,421

##### Group Balance Sheet

	2013/14 Statements £000	Transport for Edinburgh £000	CEC Holdings £000	Lothian Valuation Board £000	2013/14 Re-stated £000
Long-term assets					
- Long-term investments	5,125	0	2	0	5,127
Current assets					
- Assets held for sale	7,389	0	(4,500)	0	2,889
- Inventories	14,220	0	3,000	0	17,220
- Short-term debtors (net of impairment)	122,809	31	760	0	123,600
- Cash and cash equivalents	37,270	197	0	0	37,467
Current liabilities					
- Short-term creditors	(175,592)	(230)	2,047	0	(173,775)
- Provisions	(19,577)	0	0	0	(19,577)
Long-term liabilities					
- Liabilities in associates and joint ventures	(5,918)	0	0	(5)	(5,923)
Net assets	1,916,379	(2)	1,309	(5)	1,917,681
Group unusable reserves	101,114	7,907	(67)	(5)	108,949
Group usable reserves	22,404	(588)	1,376	0	23,192
Total group reserves	1,909,058	7,319	1,309	(5)	1,917,681
Minority interests	7,321	(7,321)	0	0	0
Total reserves	1,916,379	(2)	1,309	(5)	1,917,681

## NOTES TO THE FINANCIAL STATEMENTS

### 49. Prior Period Adjustments - continued

#### 49.2 Impact on Financial Statements - continued

Group Cash Flow Statement	2013/14 Statements £000	Transport for Edinburgh £000	CEC Holdings £000	2013/14 Re-stated £000
<b>Operating activities</b>				
- Taxation	(213,050)		258	(212,792)
- Sales of goods and rendering of services	(512,304)	(631)	107	(512,828)
Cash inflows from operating activities	(1,878,042)	(631)	365	(1,878,308)
- Cash paid to suppliers of good and services	746,329	434	(537)	746,226
- Interest paid	96,786	0	20	96,806
Cash outflows from operating activities	1,662,675	434	(517)	1,662,592
Net Cash flows from operating activities	(215,367)	(197)	(152)	(215,716)
<b>Investing activities</b>				
Purchase of property, plant and equipment, investment property and intangible assets	225,525	0	77	225,602
Other payments for investing activities	48,919	0	24	48,943
Proceeds from the sale of property, plant and equip., inv. property and intangible assets	(17,617)	0	51	(17,566)
Cash equivalents at 1 April	(94,532)	0	0	(94,532)
Cash equivalents at 31 March	(37,270)	(197)	0	(37,467)

# HOUSING REVENUE ACCOUNT

## INCOME AND EXPENDITURE STATEMENT

for the year ended 31 March 2015

The Housing Revenue Account (HRA) Income and Expenditure Statement shows in more detail the income and expenditure on HRA services included in the Council's Comprehensive Income and Expenditure Statement.

2013/14		2014/15	
£000	EXPENDITURE	£000	£000
24,713	Repairs and maintenance	27,256	
20,012	Supervision and management	21,453	
52,082	Depreciation and impairment of non-current assets	18,266	
4,406	Other expenditure	5,719	
101,213			72,694
	<b>INCOME</b>		
(85,504)	Dwelling rents	(90,840)	
(457)	Non-Dwelling rents (gross)	(377)	
(13,987)	Other income	(14,307)	
(99,948)			(105,524)
1,265	Net expenditure / (income) for HRA Services (as included in the Council's Comprehensive Income and Expenditure Statement)		(32,830)
533	HRA share of corporate and democratic core		319
137	HRA share of other amounts included in the Council's Net Cost of Services but not allocated to specific services		72
1,935	Net expenditure / (income) for HRA Services		(32,439)
	HRA share of other operating expenditure included in the Council's Comprehensive Income and Expenditure Statement		
534	Loss on sale of HRA fixed assets	307	
18,940	Interest payable and similar charges	18,936	
2,556	Interest cost on defined benefit obligation ( <i>pension-related</i> )	2,434	
(87)	Interest and investment income	(81)	
(2,032)	Interest income on plan assets ( <i>pension-related</i> )	(1,886)	
(3,301)	Capital grants and contributions	(4,747)	
16,610			14,963
18,545	Deficit / (surplus) for the year on HRA services		(17,476)

# HOUSING REVENUE ACCOUNT

## MOVEMENT ON THE HRA STATEMENT

2013/14 £000		2014/15 £000
0	Balance on the HRA at the end of the previous year	0
(18,545)	(Surplus) / deficit for the year on the HRA Income and Exp Account	17,476
22,843	Adjustments between accounting basis and funding basis under statute	(14,973)
<u>4,298</u>	<b>Net increase before transfers to reserves</b>	<u>2,503</u>
<u>(4,298)</u>	Contribution to renewal and repairs fund, via the General Fund	<u>(2,503)</u>
<u><u>0</u></u>	<b>Balance on the HRA at the end of the current year</b>	<u><u>0</u></u>

### Adjustments Between Accounting Basis and Funding Basis Under Regulations

£000		£000
	<b>Adjustments primarily involving the Capital Adjustment Account</b>	
	<b>Reversal of items debited or credited to the Income and Expenditure Statement</b>	
52,082	Charges for depreciation and impairment of non-current assets	18,266
(3,301)	Capital grants and contributions applied	(4,747)
	<b>Insertion of items not debited or credited to the Income and Expenditure Statement</b>	
(23,163)	Statutory provision for the financing of capital investment	(23,123)
(3,575)	Capital funded from revenue	(5,649)
	<b>Adjustments primarily involving the Capital Receipts Reserve</b>	
534	Transfer of cash sale proceeds credited as part of the gain / loss on disposal of assets	307
	<b>Adjustments primarily involving the Financial Instruments Adjustment Account</b>	
(397)	Amount by which finance costs charged are different from finance costs chargeable in the year in accordance with statutory requirements	(460)
	<b>Adjustments primarily involving the Pensions Reserve</b>	
1,009	Reversal of items relating to retirement benefits debited or credited to the Income and Expenditure Statement	1,081
(450)	Employer's pension contributions and direct payments to pensioners payable in the year	(426)
	<b>Adjustments primarily involving the Employee Statutory Adjustment Account</b>	
104	Amount by which officer remuneration charged to the Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(222)
<u><u>22,843</u></u>		<u><u>(14,973)</u></u>

# HOUSING REVENUE ACCOUNT

## Notes to the Housing Revenue Account

1. The number and types of dwellings in the authority's housing stock at 31 March 2015 are as follows:

Types of Houses	2015		2014	
	Number	Annual Average Rent (£)	Number	Annual Average Rent (£)
<b>Main provision Council dwellings</b>				
1 Apartment	302	3,653.00	302	3,446.00
2 Apartment	5,473	4,100.00	5,470	3,868.00
3 Apartment	10,184	4,752.00	10,245	4,483.00
4 Apartment	3,458	5,473.00	3,456	5,163.00
5 Apartment	521	5,891.00	525	5,558.00
6 Apartment	9	5,924.00	9	5,589.00
7 Apartment	4	5,739.00	4	5,414.00
8 Apartment	1	5,739.00	1	5,414.00
<b>Mid-market rent dwellings</b>				
2 Apartment	6	5,337.00	6	5,337.00
3 Apartment	39	6,878.00	39	6,878.00
4 Apartment	7	7,924.00	7	7,924.00
	<u>20,004</u>		<u>20,064</u>	

The stock figure represents all types of residential properties, including furnished tenancies, sheltered housing and homelessness units.

- The amount of rent arrears included as debtors in the Council's Consolidated Balance Sheet was £4.327m (£3.967m 2013/14) against which a provision amounting to £4.326m (£3.002m 2013/14), has been created in respect of non collectable debts.
- Significant non-residential income includes ground rent at Broomhouse Drive of £0.160m per annum.
- The total value of uncollectable void rents for main provision properties was £0.545m (2013/14 £0.644m). This has been netted against rental income.

## COUNCIL TAX INCOME ACCOUNT

The Council Tax Income Account (Scotland) shows the gross income raised from council taxes levied and deductions made under Statute. The resultant net income is transferred to the Comprehensive Income and Expenditure Statement.

for the year ended 31 March 2015

2013/14 £000		2014/15 £000	£000
(295,075)	Gross council tax levied and contributions in lieu		(297,767)
48,500	Less: - Exemptions and other discounts	48,938	
8,602	- Provision for bad debts	8,333	
27,021	- Council Tax Reduction Scheme	25,785	
2,866	- Other reductions	2,107	
86,989			85,163
(208,086)			(212,604)
189	Previous years' adjustments		(307)
<b>(207,897)</b>	<b>Total transferred to General Fund</b>		<b>(212,911)</b>

### Notes to the Council Tax Income Account

The in-year collection rate for Council Tax was 95.4% (2013/14 94.7%).

Each household or occupied dwelling is allocated to a Council Tax band by the Assessor. The charge per Council Tax band is calculated as a proportion of band D - these proportions are determined by legislation.

A Council Tax bill is reduced by 25% where a dwelling has only one occupant or, with certain exceptions, 10% where the property is a second home. Unoccupied properties are eligible for 10% discount for up to 12 months, from the date the property was last occupied, thereafter 100% additional charge, with certain exceptions. For Council Tax purposes, students and certain other categories of people are not regarded as occupants. Reductions in Council Tax payable are also granted for physically disabled people.

Charges in respect of water and sewerage are the responsibility of Scottish Water. The Council collects both water and sewerage charges and makes payment to the Water Authority.

### Calculation of the Council Tax Base 2014/15

Band	Number of Properties	Disabled Relief	Exemptions	Discounts	Effective Properties	Ratio to Band D	Band D Equivalents	Charges per Band
A Up to £27,000	23,160	81	(3,172)	(3,273)	16,796	6/9	11,197	£779.33
B £27,001 - £35,000	46,915	69	(3,712)	(6,475)	36,797	7/9	28,620	£909.22
C £35,001 - £45,000	43,716	(30)	(3,220)	(5,070)	35,396	8/9	31,463	£1,039.11
D £45,001 - £58,000	37,534	67	(2,911)	(3,778)	30,912	9/9	30,912	£1,169.00
E £58,001 - £80,000	39,700	(30)	(3,412)	(3,311)	32,947	11/9	40,269	£1,428.78
F £80,001 - £106,000	24,003	(29)	(1,265)	(1,788)	20,921	13/9	30,219	£1,688.56
G £106,001 - £212,000	20,650	(101)	(554)	(1,142)	18,853	15/9	31,422	£1,948.33
H Over £212,000	3,847	(27)	(134)	(164)	3,522	18/9	7,044	£2,338.00
							211,146	
							Add: Contributions in Lieu	533
							Less: Provision for Non-Payment	(7,112)
							<b>Council Tax Base</b>	<b>204,567</b>



## NON-DOMESTIC RATES INCOME ACCOUNT

The Non-Domestic Rate Account is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Non-Domestic Rate Account. The statement shows the gross income from the rates and deductions made under statute. The net income is paid to the Scottish Government as a contribution to the national Non-Domestic Rate pool.

for the year ended 31 March 2015

2013/14 £000		2014/15 £000	£000
(418,354)	Gross rates levied and contributions in lieu		(428,072)
68,484	Less: - Reliefs and other deductions	71,611	
4,859	- Uncollectable debt written off and provision for impairment	4,588	
73,343			76,199
(345,011)			(351,873)
19,901	Previous years' adjustments		7,684
<b>(325,110)</b>	<b>Net Non-Domestic Rates Income</b>		<b>(344,189)</b>
	Allocated to:		
(325,563)	Contribution to National Non-Domestic Rates Pool		(344,628)
453	Adjustments for years prior to introduction of National Non-Domestic Rates Pool		439
<b>(325,110)</b>			<b>(344,189)</b>

### Notes to the Non-Domestic Rates Income Account

#### Rateable Values as at 1 April 2014

	Number	Rateable Value £000
Shops, offices and other commercial subjects	13,905	644,941
Industrial and freight transport	2,717	75,054
Telecommunications	8	15
Public service subjects	345	47,219
Miscellaneous	2,741	142,389
	<b>19,716</b>	<b>909,618</b>

#### Contribution to / from National Non-Domestic Rates Pool

The contribution to the National Non-Domestic Rates Pool of £344.628m (2013/14 £325.563m) is the non-domestic rates contributed by the Council through the pooling arrangements for government grant purposes. The amount distributed to the Council under these pooling arrangements was £364.108m (2013/14 £334.630m).

With effect from 2011/12, authorities retain in full the income raised locally up to the baseline level assumed in the Local Government Financial Settlement. Any variation from this assumed level is then met by means of a corresponding transfer of funds to or from the Scottish Government.

#### Poundage

Occupiers of non-domestic property pay rates based on the valuation of the property within the valuation roll for Edinburgh. The non-domestic rate poundage is determined by the Scottish Ministers, and was 47.1 per £ in 2014/15 (2013/14 46.2p per £).

Properties with a rateable value greater than £35,000 (2013/14 £35,000) had their rate charges calculated using the poundage of 48.2p per £ (2013/14 47.1p per £).

From 1 April 2008, the Scottish Government introduced the Small Business Bonus Scheme. Business properties with a rateable value of £18,000 or less may have received relief as set out below:

100% Relief	below	£10,000
50% Relief	£10,001 to	£12,000
25% Relief	£12,001 to	£18,000
Upper limit for combined rateable value		£35,000

## COMMON GOOD FUND

The Common Good Fund stands separate from the Council's accounts and has been described as "the ancient patrimony of the community". It was originally derived from the grants by the Sovereigns of Scotland at various times. The present fund is an amalgam of the funds of the City and Royal Burgh of Edinburgh and the Royal Burgh of South Queensferry.

A report on the (Edinburgh) Common Good prepared by the Town Clerk and City Chamberlain in 1905 set out the historical background of the fund and listed its then assets in some detail. The report also stated a "General Principle" that the Fund should be administered "for the purpose of upholding the dignity and suitable hospitality of the City; performing the duties incumbent upon a Royal Burgh ..... maintaining the municipal establishment and managing the municipal affairs; vindicating or extending the corporate rights of the community and defending its interests; acquiring additional land or property for the corporate benefit, or improving existing corporation property, and generally for any purpose which, in the bona fide judgement of the Town Council, is for the good of the community as a whole, or in which the inhabitants at large may share, as distinct from the separate interests or benefit of any particular individual or class, however deserving or needy. The purpose must be limited to those which concern the City and its interests".

The Local Government etc. (Scotland) Act 1994 confirms this interpretation that use of the Fund shall "have regard to the interests of all the inhabitants" of the area.

During 2014/15, the Council generated two capital receipts for the Common Good. Air rights above Common Good land in the Grassmarket were sold for £35,000 which was credited to the Common Good Fund. There has been no reduction in the value of the Common Good assets.

The sale of East Market Street garage as part of package of properties was also completed in 2014/15. The Common Good account was credited with a receipt of £1,182,950. The receipt, net of costs associated with the disposal, was transferred to an earmarked reserve pending confirmation by the Council of its previous decision on 14 November 2002 to transfer the receipt from the sale of the site to the Council to assist with the funding of the rationalisation of office accommodation.

During 2014-15 HM Treasury advised of their intention to redeem the War Stock and Conversion Stock bonds held by the Common Good Fund at face value. The redemption of the War Stock bond was completed in March 2015. The market value of the remaining bond was restated in the accounts at its face value of £340 as at 31 March 2015.

## COMMON GOOD FUND - MOVEMENT IN RESERVES STATEMENT

	Common Good Fund £000	FFF Earmarked Fund £000	Capital Adjust. Account £000	Reval. Reserve £000	Total Reserves £000
<b>2014/15 Movements</b>					
Balance at 31 March 2014	1,650	0	(20)	23,928	25,558
Movement in reserves during 2014/15					
Surplus on the provision of services	1,186	0	0	0	1,186
Revaluation Reserve	0	0	0	(885)	(885)
<b>Total Comprehensive Income and Expenditure</b>	1,186	0	0	(885)	301
Adjustments between accounting basis and funding basis under regulations:	0	0	(2)	(1,183)	(1,185)
<b>Net increase / decrease before transfers to earmarked reserves</b>	1,186	0	(2)	(2,068)	(884)
Transfer to / from earmarked reserves	(1,182)	1,182	0	0	0
Increase / decrease in year	4	1,182	(2)	(2,068)	(884)
<b>Balance at 31 March 2015</b>	1,654	1,182	(22)	21,860	24,674

## COMMON GOOD FUND - MOVEMENT IN RESERVES STATEMENT

	Common Good Fund £000	Capital Adjust. Account £000	Reval. Reserve £000	Total Reserves £000
<b>2013/14 Comparative Data</b>				
Balance at 31 March 2013	1,615	(20)	24,085	25,680
Movement in reserves during 2013/14				
Surplus on the provision of services	35	0	0	35
Revaluation Reserve	0	0	(157)	(157)
<b>Total Comprehensive Income and Expenditure</b>	35	0	(157)	(122)
Adjustments between accounting basis and funding basis under regulations:	0	0	0	0
<b>Net increase / decrease before transfers to earmarked reserves</b>	35	0	(157)	(122)
Transfer to / from earmarked reserves	0	0	0	0
Increase / decrease in year	35	0	(157)	(122)
<b>Balance at 31 March 2014</b>	<u>1,650</u>	<u>(20)</u>	<u>23,928</u>	<u>25,558</u>

## COMMON GOOD FUND - COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2013/14 £000	2014/15 £000	£000
11 Common Good Fund	44	
<u>(38) Income from Sale of Fixed Assets</u>	<u>(1,218)</u>	
(27) <b>COST OF SERVICES</b>	(1,174)	
Financing and Investment Income		
0 Income from redemption of investment bonds	(2)	
<u>(8) Interest and investment income</u>	<u>(10)</u>	
<u>(35) SURPLUS ON PROVISION OF SERVICES</u>		(1,186)
157 Deficit on revaluation of non-current assets	885	
<u>0 Other unrealised gains</u>	<u>0</u>	
<u>157 Other Comprehensive Income and Expenditure</u>		<u>885</u>
<u>122 TOTAL COMPREHENSIVE (INCOME) AND EXPENDITURE</u>		<u>(301)</u>

## COMMON GOOD FUND - BALANCE SHEET

31 March 2014 £000		31 March 2015 £000	£000
<u>23,824</u>	Community Assets	<u>21,757</u>	
<u>23,824</u>	<b>Property, Plant and Equipment</b>		21,757
104	Heritage Assets	103	
<u>2</u>	Long-term Investments	<u>0</u>	
<u>106</u>	<b>Long-term Assets</b>		103
183	Short-Term Investments	2,756	
<u>1,445</u>	Cash and Cash Equivalents	<u>58</u>	
<u>1,628</u>	<b>Current Assets</b>		<u>2,814</u>
<u><b>25,558</b></u>	<b>Net Assets</b>		<u><b>24,674</b></u>
23,928	Revaluation Reserve	21,860	
<u>(20)</u>	Capital Adjustment Account	<u>(22)</u>	
<u>23,908</u>	<b>Unusable Reserves</b>		21,838
1,650	Common Good Fund	1,654	
<u>0</u>	Earmarked Reserve	<u>1,182</u>	
<u>1,650</u>	<b>Usable Reserves</b>		<u>2,836</u>
<u><b>25,558</b></u>	<b>Total Reserves</b>		<u><b>24,674</b></u>

HUGH DUNN, CPFA  
Head of Finance  
15 June 2015

# COMMON GOOD FUND - NOTES TO FINANCIAL STATEMENTS

## 1. Property, Plant and Equipment and Heritage Assets

### 1.1 Movements on Balances

	Community Assets £000	Total Property, Plant and Equipment £000	Heritage Assets £000
<b>Cost or Valuation</b>			
At 1 April 2014	23,824	23,824	104
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(2,067)	(2,067)	(1)
At 31 March 2015	<u>21,757</u>	<u>21,757</u>	<u>103</u>
<b>Accumulated Depreciation</b>			
At 1 April 2014	0	0	0
At 31 March 2015	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Book Value</b>			
At 31 March 2015	<u>21,757</u>	<u>21,757</u>	<u>103</u>
At 31 March 2014	<u>23,824</u>	<u>23,824</u>	<u>104</u>
<b>Cost or Valuation</b>			
At 1 April 2013	23,981	23,981	104
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(157)	(157)	0
At 31 March 2014	<u>23,824</u>	<u>23,824</u>	<u>104</u>
<b>Accumulated Depreciation</b>			
At 1 April 2013	0	0	0
At 31 March 2014	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Book Value</b>			
At 31 March 2014	<u>23,824</u>	<u>23,824</u>	<u>104</u>
At 31 March 2013	<u>23,981</u>	<u>23,981</u>	<u>104</u>

### 1.2 Information on Assets Held

Assets owned by the Common Good Fund at 31 March 2015 include:

Monuments and statues	20
Parks and open spaces and other properties	31
Shops, industrial units and other commercial lettings	17

## 2. Usable Reserves

Movements in the Common Good's usable reserves are detailed in the Movement in Reserves Statement (on page 128).

## COMMON GOOD FUND - NOTES TO FINANCIAL STATEMENTS

### 3. Unusable Reserves

#### 3.1 Revaluation Reserve

The revaluation reserve contains the gains made by the Common Good Fund arising from increases in the value of its property, plant and equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

The reserve contains unrealised gains accumulated since 1 April 2007, the date the reserve was created. Accumulated gains arising before 1 April 2007 were consolidated into the capital adjustment account.

	2014/15		2013/14	
	£000	£000	£000	£000
Balance at 1 April		23,928		24,085
Upward revaluation of assets	412		0	
Downward revaluation of assets and impairment losses not charged to the Surplus on the Provision of Services	(1,297)		(157)	
Deficit on revaluation of non-current assets not posted to the Surplus on the Provision of Service		(885)		(157)
Derecognition of asset disposals		(1,183)		0
Balance at 31 March		<u>21,860</u>		<u>23,928</u>

#### 3.2 Capital Adjustment Account

The capital adjustment account provides a balancing mechanism for timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (CIES) (with reconciling postings from the revaluation reserve to convert fair value figures to a historical cost basis).

The account also holds revaluation gains accumulated on property, plant and equipment prior to 1 April 2007, the date the revaluation reserve was created to hold such gains.

	2014/15	2013/14
	£000	£000
Balance at 1 April	(20)	(20)
Adjustment for revaluation of Government investment bonds	(2)	0
Balance at 31 March	<u>(22)</u>	<u>(20)</u>

# ANNUAL GOVERNANCE STATEMENT

## Scope of Responsibility

The City of Edinburgh Council is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently, effectively and ethically. The Council also has a statutory duty under the Local Government in Scotland Act 2003, to make arrangements to secure best value, which is defined as continuous improvement in the way its functions are carried out.

In discharging these responsibilities, Elected Members and senior officers are responsible for implementing effective arrangements for governing the Council's affairs, and facilitating the effective exercise of its functions, including arrangements for the management of risk.

To this end, the Council has adopted a Local Code of Corporate Governance that is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) framework 'Delivering Good Governance in Local Government'. This statement explains how the City of Edinburgh Council delivers good governance and reviews the effectiveness of those arrangements.

This statement explains how the Council has complied with the Local Code of Corporate Governance and how it meets the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.

This statement also covers the organisations included in the Council's Group Accounts, a list of which is included on page 37 of the Accounts.

## The Group's Governance Framework

The governance framework comprises the systems, processes, cultures and values by which the Group is directed and controlled. It also describes the way it engages with, accounts to and leads its communities. It enables the Group to monitor the achievement of its objectives and consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The Council's Local Code of Corporate Governance is supported by evidence of compliance which is regularly reviewed and considered by the Governance, Risk & Best Value Committee. The rest of the Group observes the principles of the code.

The Council has implemented arrangements for monitoring each element of the framework and providing evidence of compliance. The Council's Strategy and Governance manager reviewed the arrangements and is satisfied that the Code continues to be adequate and effective. The framework meets the principles of effective governance.

The key elements of the Council's corporate governance framework are set out below:

- The Council's key corporate vision and priorities are set out and published in the City of Edinburgh Council Business Plan 2015-2018.
- The Edinburgh Partnership Community Plan 2015-2018 sets out the shared objectives of the Council and its community planning partners and details their vision, strategic priorities and intended outcomes for the Edinburgh area, its citizens and service users. The Edinburgh Partnership Community Plan 2015-2018 has been agreed by the Council and community planning partners.
- Governance arrangements for the Edinburgh Partnership Community Plan include the Edinburgh Partnership Board to lead the Partnership and be responsible for its effectiveness; a Partnership Executive to act as a vehicle for wider advice, consultation, involvement and communication; and designated strategic partnerships for delivery of intervention and prevention areas.
- Formal local community planning arrangements to support and engage with community planning groups and Community Councils; ensuring that service needs and priorities of local communities are identified and can influence Council policy and services.
- The Council's long term financial plan underpins the revenue budget and strategic planning frameworks, enabling it to manage expected future costs and service demands, aligning service delivery to the Council's Transformation and Improvement Plan to address these demands and deliver best value from available resources.

## ANNUAL GOVERNANCE STATEMENT

The key elements of the Council's corporate governance framework - continued

- The Corporate Programme Office provides a single and central structure with oversight of all significant Council projects.
- A performance management framework, incorporating internal and public performance reporting, enables the Council to regularly report performance in achieving its key corporate objectives.
- The submission of reports, findings and recommendations from Audit Scotland, the external auditor, other inspectorates and internal audit, to the Corporate Leadership Group, Governance, Risk and Best Value Committee and Council, where appropriate, supports effective scrutiny and service improvement activities.
- The roles and responsibilities of Elected Members and Officers are defined in Procedural Standing Orders, Committee Terms of Reference and Delegated Functions, Contract Standing Orders, Scheme of Delegation to Officers, the Member/officer protocol and Financial Regulations. These are subject to annual review.
- The Chief Executive has overall responsibility to Council, as head of paid service, for all aspects of operational management.
- The Director of Corporate Governance has overall responsibility for ensuring the continued development and improvement of systems and processes concerned with ensuring appropriate direction, accountability and control.
- The Chief Finance Officer has overall responsibility for ensuring appropriate advice is given to the Council and Group on all financial matters, keeping proper financial records of accounts and maintaining an effective system of internal financial control.
- The Chief Internal Auditor has overall responsibility to review, appraise and report to management and the Governance, Risk and Best Value Committee on the adequacy of the Council's internal control and corporate governance arrangements and on risks relating to approved policies, programmes and projects.
- The Council's Strategy and Governance Manager has responsibility for advising the Council on corporate governance arrangements.
- The Governance, Risk and Best Value Committee provides the Council with independent assurance of the adequacy of the governance and risk management frameworks and internal control environment. It also provides independent scrutiny of the Council's financial and non-financial performance, approves and monitors the progress of the Internal Audit risk based plan, and monitors performance of the internal audit service.
- The risk management policy and framework set out the responsibilities of Elected Members, the Governance, Risk and Best Value Committee, management and staff for the identification and management of risks to key corporate priorities.
- The Community Risk Register, Council Risk Register and Service area risk registers identify risks and proposed treatment or actions. These registers are regularly reviewed, updated and reported to the Corporate Leadership Group and Governance, Risk and Best Value Committee for scrutiny and challenge.
- Resilience and business continuity plans are in place for all essential Council services. These set out arrangements for continuing to deliver essential services in the event of an emergency or other disruption.
- Senior management and Heads of Service have formal objectives, with performance reviewed by the appropriate chief officer. Officers have personal work objectives, and receive feedback on their performance through the Council-wide performance review and development process.
- An Elected Members' remuneration and expenses scheme is in place and is consistent with the Scottish Government's 'Councillors' Remuneration: allowances and expenses – Guidance'. Information on the amounts and composition of Elected Members' salaries, allowances and expenses is published on the Council's website.
- The Council's Strategy and Governance Manager ensures that induction training on roles and responsibilities, and ongoing development opportunities, are provided for Elected Members.
- Codes of Conduct that set out the standards of behaviour expected from Elected Members and officers are in place.



# ANNUAL GOVERNANCE STATEMENT

The key elements of the Council's corporate governance framework - continued

- The Employee Code of Conduct, Anti Bribery Policy and Policy on Fraud Prevention set out the responsibilities of officers and Elected Members in relation to fraud and corruption, and are reinforced by the Councillors' Code of Conduct, the Code of Ethical Standards and the Financial Regulations.
- The Whistleblowing policy provides a process for disclosure in the public interest about the Council and its activities by officers, Elected Members and others.
- A Register of Members' Interests and Registers of Officers' interests are maintained and available for public inspection.

A significant element of the governance framework is the system of internal controls, which is based on an ongoing process to identify and prioritise risks to the achievement of the Group's objectives.

## Review of Effectiveness

The Local Code of Governance details the Council's arrangements for monitoring each element of the framework and providing evidence of compliance. The Council's Strategy and Governance Manager has reviewed the effectiveness of the Code and will report the result to the Governance, Risk and Best Value Committee in August 2015.

The Internal Audit Section operates in accordance with CIPFA's Code of Practice for Internal Audit. The Section undertakes an annual work programme based on agreed audit strategy and formal assessments of risk that are reviewed regularly. During the year, the Chief Internal Auditor reported to the Head of Legal, Risk and Compliance but had free access to the Chief Executive, all directors and Elected Members along with reporting directly to the Governance, Risk and Best Value Committee.

The Chief Internal Auditor and Council's Strategy and Governance Manager have provided an assurance statement on the effectiveness of the system of internal control, which was informed by:

- The work of the Corporate Leadership Group which develops and maintains the governance environment;
- The certified annual assurance statements provided by all directors;
- The certified assurance statements provided by the Chief Executives and Directors of Finance of the Council's group companies.
- Council officers' management activities;
- The Chief Internal Auditor's annual report and internal audit reports, risk-based, across a range of Council services;
- An annual review by the Council's Strategy and Governance Manager of the Council's compliance with the Local Code of Corporate Governance, reported to the Governance, Risk and Best Value Committee;
- Reports from the Council's external auditor; and
- reports by external, statutory inspection agencies.

In compliance with standard accounting practice, the Head of Finance has provided the Chief Executive with a statement of the effectiveness of the Group's internal financial control system for the year ended 31st March 2015. It is the Head of Finance's opinion that reasonable assurance can be placed upon its effectiveness.

Each service director has reviewed the arrangements in his / her service area and reported on their assessment of the effectiveness of control arrangements, together with any potential areas requiring improvement, to the Chief Executive. Where improvement actions are identified, an action plan will be developed and subject to regular monitoring. In reviewing the overall governance framework, the Council has also considered any relevant third party reviews and recommendations. Reliance has also been placed on each organisation's most recent audited accounts together with the Council's detailed knowledge of these organisations as a consequence of their continued involvement with these

# ANNUAL GOVERNANCE STATEMENT

These reviews have identified that we need to continue to develop:

By the Council:

- mitigating risks associated with the Council's transformation process, including structural and operating model changes;
- the Best Value audit actions: transformational change, corporate working, workforce, ICT, risk and scrutiny, staff engagement and budget;
- the Council's asset management strategy;
- the processes to ensure compliance with policies and procedures;
- the processes to ensure compliance with health and safety legislation, regulations and guidance;
- the implementation of action plans agreed with external inspection agencies;
- the implementation of all other actions identified by service directors in statements of assurance; and
- the planning for and implementation of health and social care integration.

By the Group:

- long-term financial planning and links to outcomes; and
- embedding and building on recent structural changes and improvements in governance arrangements to take advantage, as appropriate, of the emerging signs of economic recovery.

The proposed improvements do not indicate any significant gaps or weaknesses in the existing governance framework.

## **Certification**

It is our opinion that in light of the foregoing, reasonable assurance can be placed upon the adequacy and effectiveness of City of Edinburgh Council and its Group's systems of governance. The annual review demonstrates sufficient evidence that the Code is operated effectively and the Council and its Group comply with the Local Code of Corporate Governance in all significant respects.

# REMUNERATION REPORT

The Council is required under statute to provide information on the remuneration of each senior officer and each senior elected member, together with any other officer not otherwise included whose remuneration is over £150,000 per annum. In addition, the Council is required to provide information for the most senior employee within each of its subsidiary companies, together with all other employees whose remuneration exceeds £150,000 per annum.

All information disclosed in the tables on pages 136 to 146 in this remuneration report will be audited by Audit Scotland. The other sections of the remuneration report will be reviewed by Audit Scotland to ensure that they are consistent with the Financial Statements.

## Remuneration Arrangements Councillors

The remuneration of Councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (SSI No. 2007/183) as amended by the Local Governance (Scotland) Act 2004 (Remuneration and Severance Payments) Amendment Regulations 2015. The Regulations provide for the grading of councillors for the purposes of remuneration arrangements, as either the Leader of the Council, the Civic Head (the Lord Provost), senior councillors or councillors. The Leader of the Council and the Civic Head cannot be the same person for the purposes of payment of remuneration. A senior councillor is a councillor who holds a significant position of responsibility in the Council's political management structure.

When determining the level of remuneration for Councillors, the Scottish Ministers consider the recommendations of the Scottish Local Authority Remuneration Committee (SLARC). SLARC is an advisory non-departmental public body set up in 2005 to advise Scottish Ministers on the remuneration, allowances and expenses incurred by local authority Councillors.

The salary that is to be paid to the Leader of the Council is set out in the Regulations. For 2014/15, the remuneration for the Leader of the City of Edinburgh Council was £49,683. The Regulations permit the Council to remunerate one Civic Head. The Regulations set out the maximum remuneration that may be paid to the Civic Head (the Lord Provost). For 2014/15 this was £37,262. The Council's policy is to pay the Lord Provost at the national maximum.

The Regulations also set out the remuneration that may be paid to Senior Councillors and the total number of Senior Councillors the Council may have (24 for the City of Edinburgh Council). The maximum yearly amount that may be paid to a Senior Councillor is 75% of the total yearly amount payable to the Leader of the Council. The total yearly amount payable by the Council for remuneration of all of Senior Councillors shall not exceed £645,873. The Council is able to exercise local flexibility in the determination of the precise number of Senior Councillors and their remuneration within these maximum limits. The Council's current policy is summarised below. Posts in italics were remunerated until the dates shown.

	<b>Number of Posts</b>	<b>% of amount payable to Leader of the Council</b>
Depute Leader of the Council	1	75%
Depute Convener	1	50%
Conveners of Culture and Sport, Economy, Education, Children and Families, Finance and Resources, Planning, Regulatory, Transport and Environment and Health, Social Care and Housing Committees	8	65%
Convener of Licensing Board	1	60%
Convener of Governance, Risk and Best Value	1	50%
Convener of Communities and Neighbourhoods	1	45%
Convener of Police and Fire Scrutiny	1	40%
Vice-Conveners of Culture and Sport, Economy, Education, Children and Families, Finance and Resources, Planning, Regulatory, Transport and Environment and Health, Social Care and Housing Committees	8	45%
Opposition Group Leaders - Conservative and Green Groups	2	50%

# REMUNERATION REPORT

## Councillors - continued

In addition, the Council remunerated the Conveners and Vice Conveners of Joint Boards. The Council has an arrangement with the Joint Boards to reimburse the Council for the additional costs for councillors that arise from their being a Convener or Vice Convener of the Joint Boards.

## Senior Employees

The salary of senior employees is set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for Chief Executives of Scottish local authorities. Circular CO/146 set the amount of salary for the Chief Executive of the City of Edinburgh Council for the period April 2013 to March 2015. Circular CO/147 provides a revised Scheme of Salaries and Conditions of Service for Chief Officials.

There is no formal percentage relationship for salaries between the Chief Executive and other chief officers. The national salary points to be applied to Corporate Directors and Head of Service posts are determined using the Hay job evaluation method. The decision on whether there is to be an annual pay increase applied to the national salary points, and at what level, for Chief Executive and Chief Officer posts is made by the SJNC for local authority services and thereafter applied locally by the Council.

The Director of Health and Social Care is a joint appointment and the terms and conditions, including pay for the post, are those set by NHS Lothian, who employ the post holder directly.

The Council's role in determining the remuneration policies for its companies is currently under review.

## Remuneration Paid

The following tables provide details of the remuneration paid to the Council's Senior Councillors, Senior Employees and the remuneration paid to the Chief Executive (or the most senior manager of that body) of each of the Council's subsidiary bodies. Details on roles held by Councillors are set out on pages 137 and 138. Where a Councillor has held more than one post during the year, he/she is only included once within the following table. Salary, fees and allowances represents the total amount received during the year, regardless of whether a senior Councillor role was held for the full year.

	Salary, Fees and Allowances £	Taxable Expenses £	Non-Cash Expenses / Benefits- -in-kind £	Total Remun. 2014/15 £	Total Remun. 2013/14 £
<b>Council's Leader, Civic Head and Senior Councillors</b>					
A. Burns, Leader of the Council	49,683	0	214	49,897	49,371
D. Wilson, Lord Provost	37,262	0	620	37,882	41,715
S. Cardownie, Depute Leader of the Council ( <i>until 12.03.15</i> )	36,149	0	127	36,276	37,033
S. Howat, Depute Leader of the Council ( <i>from 12.03.15</i> ) and Vice Convener Planning ( <i>until 12.03.15</i> )	23,158	0	715	23,873	23,071
D. Brock, Depute Convener	24,841	0	394	25,235	25,658
R. Lewis, Convener of Culture and Sport	32,294	168	1,665	34,127	32,330
F. Ross, Convener of Economy	32,294	0	2,266	34,560	33,859
P. Godzik, Convener Education, Children and Families	32,294	0	267	32,561	32,710
A. Rankin, Convener Finance and Resources	32,294	0	710	33,004	32,699
R. Henderson, Convener Health, Social Care and Housing	32,294	0	708	33,002	33,283
I. Perry, Convener Planning	32,294	0	187	32,481	32,252
G. Barrie, Convener Regulatory	32,294	0	708	33,002	32,705

# REMUNERATION REPORT

## Remuneration Paid - continued

	Salary, Fees and Allowances £	Taxable Expenses £	Non-Cash Expenses / Benefits- -in-kind £	Total Remun. 2014/15 £	Total Remun. 2013/14 £
<b>Council's Leader, Civic Head and Senior Councillors</b>					
L. Hinds, Convener Transport and Environment	32,294	0	1,263	33,557	32,895
E. Milligan, Convener Licensing Board	29,809	655	18	30,482	30,310
M. Child, Convener Communities and Neighbourhoods	22,357	0	95	22,452	22,485
J. Balfour, Convener Governance, Risk and Best Value	24,841	0	441	25,282	25,030
M. Chapman, ( <i>remunerated as Petitions Convener until 01.05.13</i> )	n/a	n/a	n/a	n/a	17,614
M. Bridgman, Convener Police and Fire Scrutiny	19,873	555	139	20,567	19,347
<u>Vice-Conveners</u>					
N. Austin-Hart, Vice Convener of Culture and Sport	22,357	0	0	22,357	22,135
G. Munro, Vice Convener of Economy	22,357	0	708	23,065	22,388
C. Fullerton, Vice Convener Education, Children and Families	22,357	0	144	22,501	22,292
B. Cook, Vice Convener Finance and Resources	22,357	0	0	22,357	22,135
C. Day, Vice Convener Health, Social Care and Housing	22,357	13	481	22,851	22,360
A. Blacklock, Vice Convener Regulatory	22,357	0	758	23,115	22,866
A. McVey, Vice Convener Transport and Environment ( <i>from 14.03.14</i> )	22,357	0	708	23,065	17,413
D. Dixon, Vice Convener Planning ( <i>from 12.03.15</i> )	16,872	314	200	17,386	n/a
<u>Former Vice-Conveners</u>					
J. Orr ( <i>from 02.05.13 to 04.03.14</i> )	n/a	n/a	n/a	n/a	22,645
W. Henderson ( <i>until 24.11.13</i> )	n/a	n/a	n/a	n/a	19,267
<u>Opposition Group Leaders</u>					
C. Rose, Conservative Group Leader	24,841	0	99	24,940	24,596
S. Burgess, Green Group Leader	24,841	0	933	25,774	25,435
P. Edie, ( <i>remunerated as Liberal Democrat Group Leader until 01.05.13</i> )	n/a	n/a	n/a	n/a	16,792
<b>Councillors</b>					
N Work, Convener Lothian Valuation Joint Board ( <i>Note 1</i> )	20,702	0	968	21,670	20,496

### Notes:

1. The amount recharged to Lothian Valuation Joint Board in 2014/15 was £4,142 (2013/14 £4,101). Expenses relate to Councillor role.

# REMUNERATION REPORT

## Remuneration Paid - continued Members' Salaries and Expenses

The Council paid the following amounts to members of the Council during the year (these sums include the totals shown above):

	2014/15 £	2013/14 £
Salaries	1,266,880	1,252,631
Expenses		
Claimed by councillors	2,486	2,062
Paid directly by the Council	28,732	33,925
Total	<u>1,298,098</u>	<u>1,288,618</u>

## Remuneration paid to Senior Officers

	Salary, Fees and Allowances £	Compensation for Loss of Office £	Total Remun. 2014/15 £	Total Remun. 2013/14 £
<b>Council's Senior Officers</b>				
S. Bruce, Chief Executive	161,741	0	161,741	160,207
G. Tee, Director Children and Families	143,505	0	143,505	142,083
A. Maclean, Director Corporate Governance	134,760	0	134,760	133,425
P. Gabbitas, Director Health and Social Care	65,202	0	65,202	63,431
M. Turley, Director Services for Communities ( <i>until 30.06.14</i> ) ( <i>full year equivalent</i> )	39,118	30,000	69,118	135,570
J. Bury, Acting Director Services for Communities ( <i>from 08.05.14</i> ) ( <i>full year equivalent</i> )	120,994	0	120,994	n/a
G. Ward, Director of Economic Development ( <i>from 24.10.13</i> ) ( <i>full year equivalent</i> )	99,747	0	99,747	43,275
M. Miller, Chief Social Work Officer	99,747	0	99,747	98,760
H. Dunn, Head of Finance	105,003	0	105,003	103,962
Total	<u>969,817</u>	<u>30,000</u>	<u>999,817</u>	<u>880,713</u>

### Notes:

1. Remuneration shown above excludes any fees payable in respect of returning officer or other election duties. S. Bruce waived all fees in respect of 2014/15 for returning officer duties - the authorised amount was £16,423 for returning officer duties relating to the European Parliamentary Election and £16,777 for counting officer duties relating to the Scottish Independence Referendum.
2. J. Bury was appointed Acting Director in May 2014. Salaries shown for J. Bury and M. Turley relate to the responsibilities as shown.
3. P. Gabbitas is employed by NHS Lothian and 50% of his salary costs are recharged to the Council. The above figures therefore show the Council's share.

# REMUNERATION REPORT

## Remuneration Paid - continued

### Remuneration paid to Senior Officers - continued

#### Council Subsidiary Companies

EDI Group and EICC are subsidiary companies of CEC Holdings Limited. Figures shown for these companies, Edinburgh Trams Ltd. and Lothian Buses Ltd. are for the year ended 31 December 2014 and 2013 respectively.

Council's Subsidiary Companies	Salary, Fees and Allowances £	Bonus £	Other Benefits £	Compensation for Loss of Office £	Total Remun. 2014/15 £	Total Remun. 2013/14 £
E. Adair, Operations and Finance Director, EDI Group	94,513	0	0	0	94,513	102,974
H. Rissmann, Chief Executive, EICC ( <i>until 31.03.15</i> )	158,034	0	0	0	158,034	156,884
M. Dallas, Chief Executive, EICC ( <i>from 01.10.14</i> ) ( <i>full year equivalent</i> )	32,500	0	0	0	32,500	0
<u>Marketing Edinburgh Ltd.</u>					130,000	0
J Donnelly, Chief Executive ( <i>Note 2</i> )	116,600	0	0	0	116,600	88,100
J. Rafferty, Chief Executive, Capital City Partnership	71,720	0	0	0	71,720	71,015
<u>Lothian Buses Ltd.</u>						
I Craig, Managing Director	186,349	0	13,177	0	199,526	269,388
W. Campbell, Operations Director	154,045	0	1,179	0	155,224	197,755
W. Devlin, Engineering Director	154,045	0	2,128	0	156,173	199,078
N. Strachan, Finance Director	154,045	0	672	0	154,717	197,793
G.Hughes, HR Director ( <i>Note 3</i> )	103,530	0	9,000	85,779	198,309	143,064
<u>Edinburgh Trams Ltd.</u>						
T Norris, Director and General Manager ( <i>from 01.09.13</i> ) ( <i>full year equivalent</i> )	74,000	20,702	6,735	0	101,437	27,133
						74,000
	<u>1,299,381</u>	<u>20,702</u>	<u>32,891</u>	<u>85,779</u>	<u>1,438,753</u>	<u>1,453,184</u>

#### Notes:

- Other benefits paid relate to car allowance, healthcare and telephone provision, within Lothian Buses Ltd. and car allowance and personal healthcare within Edinburgh Trams Ltd.
- Marketing Edinburgh Limited entered into two contracts with John P Donnelly Associates Limited for the services of J. Donnelly in the role of Chief Executive. The cost of these contracts is £116,600 in 2014/15, of which £6,600 is VAT (2013/14 £88,100).
- The exit package for G Hughes of £85,779 was paid in February 2015.

# REMUNERATION REPORT

## Remuneration Paid - continued

### Number of Employees by Pay Band

The total number of Council employees receiving more than £50,000 remuneration for the year (including early retirement / voluntary release costs) is shown below.

	2014/15	2013/14		2014/15	2013/14
£50,000 - £54,999	203	170	£105,000 - £109,999	1	0
£55,000 - £59,999	94	88	£110,000 - £114,999	0	1
£60,000 - £64,999	31	30	£115,000 - £119,999	0	0
£65,000 - £69,999	32	27	£120,000 - £124,999	0	0
£70,000 - £74,999	37	30	£125,000 - £129,999	0	0
£75,000 - £79,999	4	8	£130,000 - £134,999	2	1
£80,000 - £84,999	2	5	£135,000 - £139,999	0	1
£85,000 - £89,999	3	3	£140,000 - £144,999	1	1
£90,000 - £94,999	1	1	£145,000 - £149,999	0	0
£95,000 - £99,999	15	13	£150,000 - £154,999	0	0
£100,000 - £104,999	1	4	£155,000 - £159,999	0	0
			£160,000 - £164,999	1	1
			<b>Total No. of Employees</b>	<b>428</b>	<b>384</b>

### Exit Packages

The number of exit packages provided for by the Council and the Group during the year, together with the total cost of those packages is shown in the table below. The total cost shown includes pension strain costs and the capitalised value of compensatory added years payments.

Exit package cost band	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in Each Band	
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
£0 - £20,000							£000	£000
- Council	0	0	30	42	30	42	316	480
- Group companies	2	0	0	0	2	0	6	0
£20,001 - £40,000								
- Council	0	0	31	60	31	60	973	1,722
- Group companies	0	0	0	2	0	2	0	70
£40,001 - £60,000								
- Council	0	0	10	18	10	18	411	895
- Group companies	0	0	0	1	0	1	0	40
£60,001 - £80,000								
- Council	0	0	3	14	3	14	140	1,012
- Group companies	0	0	0	0	0	0	0	0
£80,001 - £100,000								
- Council	0	0	4	9	4	9	369	828
- Group companies	0	0	1	0	1	0	86	0
£100,001 - £150,000								
- Council	0	0	4	9	4	9	452	1,035
- Group companies	0	0	0	0	0	0	0	0
	<b>2</b>	<b>0</b>	<b>83</b>	<b>155</b>	<b>85</b>	<b>155</b>	<b>2,753</b>	<b>6,082</b>



# REMUNERATION REPORT

## Pension Rights

Pension benefits for councillors and local government employees are provided through the Local Government Pension Scheme (LGPS).

Councillors' pension benefits are based on career average pay. The councillor's pay for each year or part year ending 31 March (other than the pay in the final year commencing 1 April) is increased by the increase in the cost of living, as measured by the appropriate index (or indices) between the end of that year and the last day of the month in which their membership of the scheme ends. The total revalued pay is then divided by the period of membership to calculate the career average pay. This is the value used to calculate the pension benefits.

For local government employees a final salary pension scheme is operated. This means that pension benefits are based on the final year's pay and the number of years that person has been a member of the scheme.

The scheme's normal retirement age for both councillors and employees is 65.

From 1 April 2009 a five tier contribution system was introduced with contributions from scheme members being based on how much pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership. Prior to 2009 contributions rates were set at 6% for all non-manual employees.

The tiers and members' contribution rates for 2014/15 were as follows:

	<b>Contribution rate</b>
<b>Whole Time Pay</b>	
On earnings up to and including £20,235 (2014 £19,800)	5.50%
On earnings above £20,235 and up to £24,853 (2014 £19,800 to £24,200)	7.25%
On earnings above £24,853 and up to £34,096 (2014 £24,200 to £33,200)	8.50%
On earnings above £34,096 and up to £45,393 (2014 £33,200 to £44,200)	9.50%
On earnings above £45,393 (2014 £44,200)	12.00%

If a person works part-time their contribution rate is worked out on the whole-time pay rate for the job, with actual contributions paid on actual pay earned.

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on 1/60<sup>th</sup> of final pensionable salary and years of pensionable service. (Prior to 2009 the accrual rate guaranteed a pension based on 1/80<sup>th</sup> and a lump sum based on 3/80<sup>th</sup> of final pensionable salary and years of pensionable service).

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation.

The pension figures shown relate to the benefits that the person has accrued as consequence of their total local government service, and not just their current appointment.

# REMUNERATION REPORT

## Pension Benefits - continued

### Pension Rights - continued

#### Council's Leader, Civic Head and Senior Councillors

The pension entitlements of senior councillors for the year to 31 March 2015 are shown in the table below, together with the contribution made by the Council to each senior councillor's pension during the year.

	In-year pension contribs.		Accrued Pension Benefits		
	For year to 31.03.15 £	For year to 31.03.14 £		As at 31.03.15 £000	Difference from 31.03.14 £000
<b>Council's Leader, Civic Head and Senior Councillors</b>					
A. Burns, Leader of the Council	10,582	10,477	Pension	4	1
			Lump Sum	2	0
D. Wilson, Lord Provost	7,937	7,858	Pension	3	0
			Lump Sum	2	0
<u>Conveners</u>					
R. Lewis	6,879	6,810	Pension	2	2
			Lump Sum	0	0
F. Ross	6,879	6,810	Pension	1	1
			Lump Sum	0	0
P. Godzik	6,879	6,810	Pension	3	1
			Lump Sum	2	0
A. Rankin	6,879	6,810	Pension	2	1
			Lump Sum	0	0
R. Henderson	6,879	6,810	Pension	3	1
			Lump Sum	2	1
I. Perry	6,879	6,810	Pension	3	1
			Lump Sum	2	0
G. Barrie	6,879	6,810	Pension	2	2
			Lump Sum	0	0
L. Hinds	6,879	6,810	Pension	4	0
			Lump Sum	6	0
E. Milligan	6,463	6,286	Pension	3	1
			Lump Sum	2	0
M. Child	4,762	4,759	Pension	7	1
			Lump Sum	15	0
M. Bridgman	4,280	4,095	Pension	4	0
			Lump Sum	2	0

# REMUNERATION REPORT

## Pension Benefits - continued

## Pension Rights - continued

## Council's Leader, Civic Head and Senior Councillors

	In-year pension contribs.		Accrued Pension Benefits		
	For year to 31.03.15 £	For year to 31.03.14 £		As at 31.03.15 £000	Difference from 31.03.14 £000
<u>Vice-Conveners</u>					
N. Austin Hart	4,762	4,714	Pension	2	0
			Lump Sum	1	0
G. Munro	4,763	4,610	Pension	2	0
			Lump Sum	1	0
D. Dixon	3,594	0	Pension	1	1
			Lump Sum	0	0
S. Howat	4,933	4,714	Pension	1	1
			Lump Sum	0	0
A. Blacklock	4,762	4,714	Pension	2	0
			Lump Sum	1	0
A. McVey	4,762	3,553	Pension	1	1
			Lump Sum	0	0
<u>Former Vice-Conveners</u>					
J. Orr	n/a	4,577	Pension	n/a	n/a
			Lump Sum	n/a	n/a
W. Henderson	n/a	3,948	Pension	n/a	n/a
			Lump Sum	n/a	n/a
<u>Opposition Group Leaders</u>					
C. Rose	5,291	5,238	Pension	3	1
			Lump Sum	1	0
P. Edie	n/a	3,551	Pension	n/a	n/a
			Lump Sum	n/a	n/a
<u>Councillors</u>					
N. Work ( <i>including role as Convener of Lothian Valuation Joint Board</i> )	4,410	4,366	Pension	3	1
			Lump Sum	2	0

All senior councillors shown in the above table are members of the Local Government Pension Scheme. Not all senior councillors are members of the Local Government Pension Scheme. The pension figures shown relate to the benefits that the person has accrued as a consequence of their total local government service, including any service with a Council subsidiary body, and not just their current position.

# REMUNERATION REPORT

## Pension Benefits - continued

## Pension Rights - continued

## Senior Employees

The pension entitlements of senior employees for the year to 31 March 2015 are shown in the table below, together with the contribution made by the Council to each senior employee's pension during the year.

	In-year pension contribs.		Accrued Pension Benefits		Difference from
	For year to 31.03.15 £	For year to 31.03.14 £		As at 31.03.15 £000	
S. Bruce, Chief Executive ( <i>including returning officer role</i> )	34,450	34,110	Pension	80	4
			Lump Sum	191	2
G. Tee, Director Children and Families	30,567	30,264	Pension	75	3
			Lump Sum	181	2
A. Maclean, Director Corporate Governance	28,704	28,240	Pension	15	3
			Lump Sum	0	0
P. Gabbitas, Director Health and Social Care ( <i>Council proportion</i> )	8,859	8,563	Pension	25	2
			Lump Sum	75	5
M. Turley, Director Services for Communities ( <i>until 30.06.14</i> )	7,176	28,876	Pension	58	1
			Lump Sum	139	0
J. Bury, Acting Director Services for Communities ( <i>from 08.05.14</i> )	25,772	17,283	Pension	58	12
			Lump Sum	139	26
G. Ward, Director Economic Development	21,141	21,036	Pension	27	2
			Lump Sum	51	2
M. Miller, Chief Social Work Officer	21,246	21,036	Pension	37	2
			Lump Sum	80	1
H. Dunn, Head of Finance	22,366	22,144	Pension	44	2
			Lump Sum	101	1
<b>Total</b>	<b>200,281</b>	<b>211,552</b>			

All senior employees shown in the previous table above, with the exception of P. Gabbitas are members of the Local Government Pension Scheme. P. Gabbitas is a member of the National Health Service Superannuation Scheme (Scotland). The pension figures shown relate to the benefits that the person has accrued as consequence of their total local government / public service and not just their current appointment. Accrued pension benefits relate to the position as at 31 March 2015, or the date of leaving, if that is earlier. Employees contribute towards their pensions in accordance with the rates set out on page 142. The contribution rate for P. Gabbitas is 14.7% (2013/14 13.3%).

## REMUNERATION REPORT

### Pension Benefits - continued

#### Council's Subsidiary Companies

The pension entitlements of senior employees within the Council's subsidiary bodies for the year to 31 March 2015 are shown below, together with the contribution made to each senior employee's pension during the year.

	In-year pension contribs.		Accrued Pension Benefits		
	For year to 31.03.15 £	For year to 31.03.14 £		As at 31.03.15 £000	Difference from 31.03.14 £000
E. Adair, Operations and Finance Director, EDI Group	19,753	19,558	Pension Lump Sum	23 40	2 0
H. Rissmann, Chief Executive, EICC (until 31.03.15)	20,813	20,630	Pension Lump Sum	n/a n/a	n/a n/a
M Dallas, Chief Executive, EICC (from 01.10.14)	3,737	n/a	Pension Lump Sum	n/a n/a	n/a n/a
<u>Lothian Buses Ltd.</u>					
I. Craig, Managing Director	38,201	36,311	Pension Lump Sum	24 19	3 1
W. Campbell, Operations Director	31,579	30,017	Pension Lump Sum	33 55	3 1
W. Devlin, Engineering Director	31,579	30,017	Pension Lump Sum	42 83	3 2
N. Strachan, Finance Director	31,579	30,017	Pension Lump Sum	38 70	3 2
G.Hughes, HR Director	10,353	10,150	Pension Lump Sum	n/a n/a	n/a n/a
<u>Edinburgh Trams Ltd.</u>					
T Norris, Director and General Manager (from 01.09.13)	7,400	2,467	Pension Lump Sum	n/a n/a	n/a n/a
<u>Capital City Partnership</u>					
J. Rafferty, Chief Executive	16,280	16,027	Pension Lump Sum	29 65	2 1
Total	<u>211,274</u>	<u>195,194</u>			

EDI Group and EICC are subsidiary companies of CEC Holdings Limited. Figures shown for these companies, Edinburgh Trams Ltd. and Lothian Buses Ltd. are for the year ended 31 December 2014 and 31 December 2013 respectively.

E. Adair and J. Rafferty are the only members of the Local Government Pension Scheme in the above table. The pension figures shown relate to the benefits that the person has accrued as consequence of their total relevant service and not just their current appointment.

# INDEPENDENT AUDITOR'S REPORT

The Statement of Accounts is subject to audit in accordance with the requirements of Part VII of the Local Government (Scotland) Act 1973.

The Auditor appointed for this purpose by the Accounts Commission for Scotland is:

Audit Scotland  
18 George Street  
EDINBURGH  
EH2 2QU

**RECONCILIATION OF THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**  
**(as shown on page 18 of the Unaudited Financial Statements)**

	£000	2014/15 £000	£000
Total Comprehensive (Income) and Expenditure			139,391
Deduct (gains) or losses credited to the CIES			
Surplus on revaluation of non-current assets		(19,070)	
Gains and losses relating to pension liability		156,748	
Other unrealised losses		14,725	
		<u>152,403</u>	
Surplus on provision of services, per CIES			<u>(13,012)</u>
<u>Amounts included in the CIES but required by statute to be excluded when determining the General Fund surplus for the year</u>			
Depreciation and impairment of fixed assets	(152,532)		
Net loss on sale of fixed assets	4,716		
Revenue expenditure funded from capital under statute	32,641		
Finance costs - statutory adjustments	1,894		
Net charges made for retirement benefits in accordance with IAS 19	<u>(96,082)</u>		
		(209,363)	
<u>Amounts not included in the CIES but required to be included by statute when determining the General Fund surplus for the year</u>			
Statutory provision for repayment of debt (includes voluntary repayments)	81,714		
Lease repayments (including element relating to PPP contracts)	11,694		
Capital expenditure charged to the General Fund balance	(32,641)		
Capital expenditure funded from revenue	5,674		
Change in fair value of Investment Properties	13,890		
Capital grants and contributions credited to the CIES	69,399		
Net transfer for holiday pay accrual	5,620		
Employer's contributions payable to Lothian Pension Fund and retirement benefits payable direct to pensioners	<u>61,359</u>		
		216,709	
<u>Transfers to / or from the General Fund Balance that are required to be taken into account when determining the General Fund surplus for the year</u>			
Statutory transfer of HRA surplus to Renewal and Repairs Fund	2,503		
Net Transfer from earmarked reserves	<u>9,159</u>		
		<u>11,662</u>	
			<u>19,008</u>
General Fund Surplus reported in Financial Statements			5,996

	2014/15	
	£000	£000
Consolidation Adjustments		
Funds (drawn down from) / contributed to earmarked balances:		
- Balances set aside for specific investment	1,861	
- Change Fund ( <i>Health and Social Care</i> )	(2,670)	
- Contingency funding	(8,931)	
- Council Priorities Fund (net of transfer of year-end surplus)	(8,259)	
- Council Tax Discount Fund	2,301	
- Devolved School Management	(219)	
- Dilapidation fund	4,605	
- Energy efficiency	(183)	
- Insurance fund	629	
- Licensing income	(418)	
- Lothian Buses	2,000	
- Other minor funds	22	
- Police and Fire reserves previously returned to constituent councils	(1,450)	
- Pre-paid PPP monies	144	
- Recycling monies	(92)	
- Savings set aside for IT projects	2,298	
- Spend to save	(1,025)	
- Strategic Acquisition Fund	3,000	
- Unspent grants	<u>(128)</u>	
		<u>(6,515)</u>
General Fund Surplus		<u><u>(519)</u></u>



**REVENUE BALANCES**

	Balance at 31-Mar-14 £000	Transfers Out 2014/15 £000	Transfers In 2014/15 £000	Balance at 31-Mar-15 £000
<b>Balances Set Aside to Manage Financial Risks</b>				
Balances set aside for specific inv.	12,028	(3,938)	5,799	13,889
Contingency funding - loan charges	4,000	(4,000)	0	0
Contingency funding, incl workforce	22,832	(5,676)	745	17,901
Council Priorities Fund	10,894	(8,258)	519	3,155
Dilapidations fund	4,154	(85)	4,690	8,759
Insurance funds	11,928	(1,550)	2,179	12,557
	<u>65,836</u>	<u>(23,507)</u>	<u>13,932</u>	<u>56,261</u>
<b>Balances Set Aside from Income Received in Advance</b>				
Change Fund	2,670	(2,670)	0	0
Licensing income	1,819	(447)	29	1,401
Lothian Buses	4,000	0	2,000	6,000
Other minor funds	197	0	22	219
Pre-paid PPP monies	1,455	0	144	1,599
Recycling monies	1,464	(92)	0	1,372
Police and Fire reserves	3,446	(1,450)	0	1,996
Council Tax Discount Fund	16,335	0	2,301	18,636
Unspent grants	4,610	(3,291)	3,163	4,482
Strategic Acquisition Fund	0	0	3,000	3,000
	<u>35,996</u>	<u>(7,950)</u>	<u>10,659</u>	<u>38,705</u>
<b>Balances Set Aside for Investment in Specific Projects which will Generate Future Savings</b>				
Savings set aside for IT projects	1,183	(823)	3,121	3,481
Energy efficiency	983	(274)	91	800
Spend to save	5,013	(2,038)	1,013	3,988
	<u>7,179</u>	<u>(3,135)</u>	<u>4,225</u>	<u>8,269</u>
<b>Balances Set Aside under Devolved School Management Scheme</b>				
Devolved School Management	1,273	(1,273)	1,054	1,054
	<u>1,273</u>	<u>(1,273)</u>	<u>1,054</u>	<u>1,054</u>
<b>Unallocated General Reserve</b>	<u>13,025</u>	<u>0</u>	<u>0</u>	<u>13,025</u>
<b>Total General Reserve</b>	<u>123,309</u>	<u>(35,865)</u>	<u>29,870</u>	<u>117,314</u>

10.00a.m., Thursday, 25 June 2015

## Lothian Pension Fund, Lothian Buses Pension Fund and Scottish Homes Pension Fund Annual Report 2015 (& Accounts) Unaudited

Item number	8.7
Report number	
Executive/routine	
Wards	All

### Executive summary

---

The purpose of this report is to present the unaudited Annual Report for the year ended 31 March 2015 for the Lothian Pension Fund, the Lothian Buses Pension Fund and the Scottish Homes Pension Fund. A copy is attached as Appendix 1.

The Accounts show that the Lothian Pension Fund valuation increased over the year from £4,378m to £5,106m and Lothian Buses Pension Fund increased from £337m to £386m. The Scottish Homes Pension Fund increased from £136m to £155m.

### Links

---

Coalition pledges

Council outcomes [CO26](#)

Single Outcome Agreement

## Lothian Pension Fund, Lothian Buses Pension Fund and Scottish Homes Pension Fund Annual Report 2015 (& Accounts) Unaudited

### Recommendations

---

- 1.1 Council is asked to note the unaudited Annual Report for the year ended 31 March 2015 for the Lothian Pension Fund, the Lothian Buses Pension Fund and the Scottish Homes Pension Fund.

### Background

---

#### Statutory provisions and accounting guidance

- 2.1 The Scottish Government has issued statutory accounting guidance, which requires that Local Government Pension Scheme (LGPS) financial statements be published within an Annual Report. From 2010/11 onwards, the LGPS Annual Report should be published separately from the Authority's own financial statements and there should be a separate audit report.
- 2.2 On 11 May 2015, "Local Government Finance Circular No.6/2015" was issued to provide non statutory guidance on the requirements of The Local Authority Accounts (Scotland) Regulations 2014. These introduce a new statutory requirement for the Annual Accounts to include a Management Commentary and an Annual Governance Statement. Similar requirements are contained in The Local Government Pension Scheme (Administration) (Scotland) Regulations 2008.
- 2.3 In July 2014, CIPFA published guidance "Accounting for Local Government Pension Scheme Management Costs", which promotes greater transparency of investment management fees. These principles have been adopted as best practice in the presentation of the unaudited Annual Report 2015. Council is reminded that the accounts for 2012/13 of the Lothian Pension Fund, Lothian Buses Pension Fund and Scottish Homes Pension Fund were restated to include the investment management fees charged within comingled investment vehicles, in anticipation of the issuing of such guidance from CIPFA.
- 2.4 The Local Government (Scotland) Act 1973 stipulates that unaudited financial statements must be presented to the Council and the Controller of Audit within three months of the financial year end, that is 30 June. It is within the Pensions Committee's remit to consider the unaudited Annual Report for the pension

funds. As per Audit Scotland guidance, the Annual Report is being submitted to Council for the purpose of noting.

## Main report

---

### Unaudited Lothian Pension Funds Annual Report

- 3.1 A copy of the unaudited Annual Report for the year to 31 March 2015 for the Lothian Pension Fund, the Lothian Buses Pension Fund and the Scottish Homes Pension Fund is attached as Appendix 1.
- 3.2 In considering the unaudited Pension Funds' Annual Report, Council should note the following:
  - 3.2.1 Section 95 of the Local Government (Scotland) Act 1973 states that "every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that the proper officer of the authority has responsibility for the administration of those affairs". The Head of Finance serves as the Section 95 Officer for all of the City of Edinburgh Council's accounting arrangements, including those of the Pension Funds, however, this Section 95 responsibility has been delegates to the Pensions and Accounting Manager.
  - 3.2.2 The Accounts show that the Lothian Pension Fund valuation increased from £4,378m to £5,106m and the Lothian Buses Pension Fund increased from £337m to £386m. The Scottish Homes Pension Fund increased from £136m to £155m.
  - 3.2.3 The Annual Report includes an Annual Governance Statement which sets out details of how the Funds are governed and the internal controls that are in place to manage risk. This mirrors the requirement to have a similar statement within the Financial Statements of the Council.
  - 3.2.4 The report also includes a Governance Compliance Statement; this is a requirement of the LGPS Regulations. The purpose of this Statement is to record the extent to which the constitutional governance arrangements complies with best practice guidance issued by the Scottish Public Pensions Agency.
  - 3.2.5 Related to the Annual Governance Statement is the Statement of Responsibilities for the Statement of Accounts. This sets out the respective responsibilities of the Administering Authority and the Pensions & Accounting Manager.
  - 3.2.6 The unaudited Report includes a section into which the Independent Auditor's Report will be slotted when the audit is completed. Each of the three funds has a separate Actuarial Statement provided by the Actuary which provides information on the triennial valuation as at 31 March 2014 and the movement in the funding level since that date.
  - 3.2.7 Under International Accounting Standard 26 (Retirement Benefit Plans), there is a requirement to disclose the actuarial present value of promised

retirement benefits. The basis of the valuation is the same as that used for FRS 17 / International Accounting Standard (IAS) 19 required in the accounts of some individual employers, but covers the liabilities of the whole Fund. This valuation basis is not used for funding purposes and setting contribution levels. The Actuary has provided a value of the liabilities of each of the three Funds and a suitable note has been added to the accounts of each fund (Lothian Pension Fund £6,663m from the previous year's £5,483m, Lothian Buses Pension Fund £400m from £358m and Scottish Homes £141m from £138m). The increase in the value of the liabilities is largely due to the reduction in bond yields (discount rate) from 4.3% to 3.2% as at 31 March 2015.

- 3.2.8 In order to meet the statutory timetable, the Pensions Audit Sub-Committee of 29 September 2015 and thereafter the Pensions Committee, at its meeting on 30 September 2015, will consider the following reports:
- i. International Standard on Auditing (ISA) 260 Audit Report, which covers all significant issues arising from the audit of the accounts;
  - ii. the Annual Report by the External Auditor which summarises all significant matters arising from the audit and overall conclusions about the management of key risks; and
  - iii. the Audited Annual Report 2015.

## **Measures of success**

---

- 4.1 The prime objective of the Council, as administering authority of the Lothian Pension Fund, Lothian Buses Pensions Fund and Scottish Homes Pension Fund, is to ensure an unqualified audit opinion of the Annual Report 2015. This will be determined in due course.

## **Financial impact**

---

- 5.1 There are no direct financial implications as a result of this report.

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

---

- 6.1 The Local Government (Scotland) Act 1973 stipulates that unaudited financial statements must be presented to Council and the Controller of Audit within three months of the financial year end, which is 30 June.

## **Equalities impact**

---

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

## Sustainability impact

---

8.1 There are no adverse sustainability impacts from this report.

## Consultation and engagement

---

- 9.1 The Pension Board, comprising employer and member representatives, is integral to the governance of the Funds.
- 9.2 This report was considered by the Pensions Audit Sub-Committee at its meeting on 23 June 2015 and by the Pensions Committee on 24 June 2015.

## Background reading/external references

---

None.

### Alastair D Maclean

Director of Corporate Governance

Contact: John Burns, Pensions and Accounting Manager

E-mail: [john.burns@edinburgh.gov.uk](mailto:john.burns@edinburgh.gov.uk) | Tel: 0131 469 3711

## Links

---

### Coalition pledges

**Council outcomes** CO26 - The Council engages with stakeholders and works in partnerships to improve services and deliver agreed

### Single Outcome Agreement

### Appendices

Appendix 1 - Unaudited Annual Report 2015 for the Lothian Pension Fund, the Lothian Buses Pension Fund and the Scottish Homes Pension Fund;

Appendix 2 –Lothian Pension Fund – Annual Statement Head of Internal Audit [to follow]

Appendix 3: City of Edinburgh Council – Statement on the system of internal financial control by Head of Finance;

Appendix 4: Lothian Pension Fund – Statement on the system of internal financial control by Pensions and Accounting Manager

# Unaudited Annual Report and Accounts 2014/15

Lothian Pension Fund  
Lothian Buses Pension Fund  
Scottish Homes Pension Fund



# Contents

Foreword and management commentary	3
How the Funds work	8
Governance Compliance Statement	11
Investments	16
Funding and Financial Performance	19
Performance against service plan	23
Lothian Pension Fund Accounts	27
Lothian Buses Pension Fund Accounts	55
Scottish Homes Pension Fund Accounts	79
Statement of accounting policies and general notes	101
Statement of responsibilities for the Statement of Accounts	108
Annual Governance Statement	109
Additional information	110



# Foreword and management commentary



## Report from the Convener of the Pensions Committee

As Convener of the Pensions Committee with responsibility for the Lothian Pension Fund, the Lothian Buses Pension Fund and the Scottish Homes Pension Fund, I am pleased to introduce the 2014/15 Annual Report and Accounts.

The Local Government Pension Scheme (LGPS) in Scotland changed from a 'Final Salary' scheme to a 'Career Average' scheme on 1 April 2015. I would like to express my appreciation to the staff of the pension fund and our scheme employers who have worked so hard to support the successful implementation of the new scheme on behalf of our members. If you are paying into the scheme now the pension you build up from April 2015 is based on your average earnings until you take your pension. Pension you built up in the scheme before April 2015 will still be based on your final salary. Very importantly, particularly within the LGPS where we have a high proportion of relatively low paid and part time workers, the scheme remains a defined benefit scheme. This guarantees members a stable income in retirement, linked to inflation rates. The LGPS is still a great pensions scheme and ensuring members appreciate the value of their pension continues to be very important for us.

Preparations for governance changes on 1 April 2015 have also been made during the year. The Fund wound up the Consultative Panel, which has made a significant contribution over 2014/15 and in previous years, its members bringing valuable insight to the decision making of the Pensions Committee. A new Pension Board has replaced the Consultative Panel. I and my fellow members of the Pensions Committee look forward to working with the new Pension Board in a similarly constructive manner.

I would like to take this opportunity to record my thanks to my colleagues on the Pension Committee, the Consultative Panel and our advisors for their commitment and support over the last year.

**Councillor Alasdair Rankin**  
**Pensions Committee Convener**  
**The City of Edinburgh Council**  
**24 June 2015**



## Report by the Convener of the Pensions Audit Sub-Committee

The role of the Pensions Audit Sub-Committee is to assess the control of the Funds to provide assurance of effective and efficient operations and to make appropriate recommendations to the Pensions Committee. It consists of three members of the Pensions Committee and it draws on appropriate specialist knowledge, understanding and expertise to scrutinise the operation of the pension funds.

Two members of the Consultative Panel, one member representative and one employer representative and the independent professional observer also attend.

Over the 2014/15 year, the Sub-Committee met three times and considered the 2013/14 accounts which for the first time included details of investment fees which had previously been netted off against capital appreciation. It also reviewed findings from internal and external audits, fraud prevention, recovery of income tax on investment income and the service from the Funds' investment custodian.

The Audit Sub-Committee continues to provide added benefit to the pension funds and ultimately to members and employers.

**Councillor Cameron Rose**  
**Audit Sub Committee Convener**  
**The City of Edinburgh Council**  
**24 June 2015**



## Report by the Independent Professional Observer

My role as an Independent Professional Observer for the pension funds is to assist the Pensions Committee in exercising their governance responsibilities as effectively and as efficiently as possible. My experience as a pension trustee and knowledge of institutional investment help me to undertake the role.

2014-5 was a busy year for the Pensions Committee and the Consultative Panel. As well as overseeing preparations for the introduction of the new scheme in April 2015, they contributed actively to the consultations on the new governance arrangements for the LGPS in Scotland and acted swiftly to amend the governance processes for the Lothian fund once the regulations were finalised. The activities of the Pensions Committee and the Pension Board are now overseen by The Pensions Regulator, and all members have received training on the new governance and regulatory regime. In addition, the Committee has overseen the establishment of two special purpose vehicles to enhance the investment and administration efficiency of the schemes, and ensured that appropriate governance and oversight is in place for this new structure.

The level of debate during Committee meetings is of a consistently high quality. Members of both the Pensions Committee and the Consultative Panel have been very engaged with ensuring that the governance arrangements for the next stage of the funds' lifecycle continue to ensure that the interests of members, employers and taxpayers is paramount in how the funds are run.

**Sarah Smart**  
**Independent Professional Observer**  
**24 June 2015**

# Management commentary



**ALASTAIR MACLEAN**  
Director of Corporate Governance



**CLARE SCOTT**  
Investment and Pensions Service Manager

## Scheme Changes

During the year preparations have been made for the significant changes to the Local Government Pension Scheme and the introduction of a career average pension scheme taking effect on 1 April 2015.

We participated in working groups set up by the Scottish Local Government Pensions Advisory Group to develop communications material for the new Scheme, including the new Scheme-wide website [www.scotLGPS2015.org](http://www.scotLGPS2015.org) and videos. Newsletters were also issued to members and we have delivered face-to-face presentations. A communications toolkit was also developed for employers to use for their employees which reinforce the message that the scheme remains a valuable part of remuneration.

As well as reviewing and adapting our internal processes we have also been working with our software providers to develop the new systems required to administer the new scheme.

## Customers

Efforts to speed up the transfer of membership data from employers to the Fund have continued over the year and approximately two-thirds of employers are now submitting membership data to us every month. This enables us to provide a quicker service to members. As a result, the satisfaction of new members improved significantly in 2014/15 with 89% of those surveyed agreeing that our service was excellent. We have continued to warn members of the risk of pension liberation fraud and to try to prevent such fraud. During the year, the Funds, once again, retained the Customer Service Excellence award and achieved specific recognition for our efforts to improve the timeliness of data transferred from employers and our handling of complaints.

## 2014 Actuarial Valuations

The financial position of all three pension funds, and the employer contributions for the coming years, were assessed at the 2014 actuarial valuation.

Lothian Pension Fund's funding level fell from 96.1% at 31 March 2011 to 91.3% at 31 March 2014 valuation and the deficit increased from £142 million to £417 million. Despite strong investment performance over the three years between the valuations, falls in bond yields as well as the improvements in longevity caused the funding level to fall. The Funding Strategy Statement was reviewed during the actuarial valuation. A review of the employer covenant highlighted the fact that a number of employers have very few active members and are therefore close to exit. When the last active member leaves the Fund, a cessation valuation must be carried out to value the employer's liabilities and identify any payment required to cover such liabilities. Cessation valuations can often reveal large pension deficits. In order to improve employers' understanding of cessation valuations, the Actuary provided each employer with the value of their pension liabilities during the valuation. In addition, to address the previous inconsistency between the actuarial and cessation valuations, a new funding approach was adopted for employers close to exiting the Fund to spread the deficit payment over the future working lifetime of the active members. As well as raising awareness of pension deficits, it also reduces the risk of employers being unable to pay deficits when the last active member leaves.

For Lothian Buses Pension Fund, the funding level (on the ongoing basis) rose from 112.4% at 31 March 2011 to 116.7% at 31 March 2014 and the surplus increased from £28 million to £48 million. As the Fund has been closed to new entrants since 1 January 2008, inevitably the liabilities will gradually mature. In this context, the funding level was also measured on a more prudent basis, discounting the liabilities using government bond (gilts) yields. This increased the liabilities by £93 million and reduces the funding level to 88.2%.

The funding level for Scottish Homes Pension Fund at 31 March 2014 was 88.8%, increased from 86.3% from the 2011 actuarial valuation. The funding level remained below the target funding level (91.5% at March 2014) as prescribed in the funding agreement with Scottish Government.

## Funding and Investments over 2014/15

Investment markets performed strongly over the year with most markets delivering returns over 10% as markets continued to respond positively to low interest rates. Lothian Pension Fund produced a return of 16.5% over the year and at 31 March 2015 was valued at over £5 billion. Lothian Buses Pension Fund and Scottish Homes Pension Fund returned 15.1% and 19.7% respectively.

Despite very strong investment markets over the 2014/15 year, the decline in market yields has lead to a deterioration of the funding levels for Lothian Pension Fund and Lothian Buses Pension Fund. The implementation of the investment strategies for the Funds for 2012-17 proceeded at a measured pace as investment opportunities become available and as opportunities were researched.

For the Scottish Homes Pension Fund, the funding level rose over the financial year 2014/15 and as a result the Fund's equity allocation was reduced in favour of bonds in order to reduce risk. The funding level at 31 March 2015 was estimated to be 92.8%. During April 2015, with equity markets having continued to rally, the funding level rose again and the equity allocation was reduced further.

In order to further develop the internal investment capabilities of the Fund, two special purpose vehicles were created to employ certain key internal investment staff and to seek Financial Conduct Authority (FCA) registration.

## Future Challenges

We set out the the future challenges and priorities for the pension funds in our Service Plan each year. The most recent Service Plan, which was agreed by the Pensions Committee in March 2015, is available on our website.

The change to a career average pension scheme means that administration and communication will be more complex. There are also more wide reaching and radical reforms for pensions taking place in the UK, with changes to the State Pension and flexible access to pensions savings under the 'Freedom and Choice' initiative. There is also a risk that members decide to opt-out of the Fund on grounds of affordability or lack of appreciation of the value of pension benefits.

Looking ahead, investors are wondering how long the current positive environment for investment markets can last. Given that the low interest rates and unconventional monetary policy (so-called quantitative easing) are inextricably linked with prices in asset markets, the fear is that this element of support will be withdrawn and interest rates will rise. It appears unlikely that the high returns of 2014/15 will be sustained over the long term. Uncertainty is a constant in the investment market, which creates the opportunities for investors to earn returns higher than those available from risk-free assets. With the benefit of economic growth and advancement over the coming years and decades, the investment strategies of the Funds should deliver the required returns over the long term. The Fund will also seek Financial Conduct Authority (FCA) registration in order to further develop its investment capabilities.

The results of the 2014 actuarial valuation and employer covenant analysis have highlighted the need for different funding and investment options for certain employers. Employers in the Lothian Pension Fund continue to face organisational changes and with increased pressure on employer contributions, increasing numbers of admitted bodies are investigating options to exit the Fund. We are committed to ensuring commitments to the Fund are honoured whilst adopting as flexible an approach as possible to funding.

From April 2015, the Funds will be under greater scrutiny. As well as the increased oversight by the Pensions Regulator, the Funds have a new Pension Board, made up of employers and members and a new (national) Scheme Advisory Board which has been established which will provide advice to Scottish Ministers on desirability of changes to the scheme in the future.

By continuing to use the principles of the Customer Service Excellence award, we will strive to meet our customers' needs.

**ALASTAIR MACLEAN**  
**Director of Corporate Governance**  
**The City of Edinburgh Council**  
**25 June 2015**

**CLARE SCOTT**  
**Investment and Pensions Service Manager**  
**The City of Edinburgh Council**  
**25 June 2015**

# How the Funds work

The City of Edinburgh Council acts as administering authority for the Local Government Pension Scheme in the Lothian area. There are three funds, Lothian Pension Fund, Lothian Buses Pension Fund and Scottish Homes Pension Fund.

---

## Pensions Committee and Audit Sub-Committee

The City of Edinburgh Council in its role as as administering authority delegates pension matters to the Pensions Committee and Pension Audit Sub-Committee whose members act as 'quasi trustees'.

The Pensions Committee held four meetings during the year and the Audit Sub-Committee met three times. Membership of both Committees is shown below.

### Membership 1 April 2014 to 31 March 2015

#### Pensions Committee

Councillor Alasdair Rankin (Convener)  
Councillor Maureen Child  
Councillor Jim Orr  
Councillor Bill Cook  
Councillor Cameron Rose  
John Anzani (nominated by the Consultative Panel)  
Darren May (nominated by the Consultative Panel)

#### Pensions Audit Sub-Committee

Councillor Cameron Rose (Convener)  
Councillor Jim Orr  
Councillor Bill Cook

---

## Consultative Panel

Membership of the Consultative Panel to 31 March 2015 was made up of six employer and six member representatives who act as a sounding board for, and meet with, the Pensions Committee. The Panel members are shown below.

Consultative Panel membership 1 April 2014 to 31 March 2015		
	Employer	Representing
Employer representatives		
Alan Williamson	Edinburgh College	Colleges/universities
Darren May*	Scottish Water	Other employers
Helen Carter	Scottish Government	Scottish Homes
Eric Adair	EDI	Other employers
Guy Hughes (Resigned 1/2/15)	Lothian Buses	Lothian Buses
Sharon Dalli	Police Scotland	Other employers

Consultative Panel membership 1 April 2014 to 31 March 2015		
	Employer	Representing
<b>Member representatives</b>		
Charlie Boyd	The City of Edinburgh Council	Active members
Eric MacLennan	The City of Edinburgh Council	Unison
Owen Murdoch	Retired member	Unison
John Rodgers	Lothian Buses	Unite
John Anzani*	Midlothian Council	Active members
Vacancy		

\* Members of the Pensions Committee at 31 March 2015

---

## Pensions Committee and Consultative Panel training

The Committee and Panel members must attend training as outlined in the Funds' training policy. The policy includes a framework, based on the CIPFA guidance, to assess knowledge and identify training to ensure effective decision making. The training covers key areas including pension legislation, investment, accounting, auditing standards and actuarial practices.

All Committee members undertook training covering key elements of pension legislation and investments. Committee members collectively attended 167.5 hours of training over the year. Panel members undertook 60.5 training hours.

The Committee and Consultative Panel also participated in additional meetings to discuss and agree the governance changes required by new legislation.

---

## Governance changes

On 25 March 2015, the Pensions Committee approved governance changes arising from the requirements of the Public Services Pensions Act 2013 and the Local Government Pension Scheme (Governance) (Scotland) Regulations 2014 which were required to be implemented by 1 April 2015.

The Consultative Panel was disbanded with effect from 31 March 2015 and was replaced on the 1 April 2015 with a new Pension Board. The role of the Pension Board is to help ensure that the operation of the pension funds is in accordance with the applicable law and regulation. Its membership will comprise ten members; five appointed from the employer bodies and five appointed from the trade unions representing the membership in the Fund. The application process to appoint Pension Board members ran from December 2014 to February 2015. The new Pension Board is as follows:

Pension Board from 1 April 2015	
	Appointed by
Employer representatives	
Simon Belfer	Napier University
Darren May	Scottish Water
Rucelle Souter	The Edinburgh Military Tattoo
Eric Adair	EDI
Linda Mcdonald	Handicabs
Member representatives	
Jim Anderson	Unison
Catrina Warren	Unison
Graham Turnbull	UCATT
John Rodgers	Unite
Thomas Carr-Pollock	GMB

There is no change to the Pensions Committee and Audit Sub-Committee which continue in their current form although the two non-councillor members are now drawn from the employers and members. The Councillor membership from 1 April 2015 remains unchanged and John Anzani also continues as a member representative. Darren May was replaced by Richard Lamont on 20 April 2015.

---

## Investment and Pensions Division

The Investment and Pensions Division of the Corporate Governance Directorate is part of the City of Edinburgh Council and carries out the day-to-day running of all three pension funds. The Division functions include investment, pension administration and payroll, communications and accounting. The investment responsibilities include monitoring and selecting external investment managers and carrying out in-house investment management.

The senior officers are:

- Alastair Maclean, Director of Corporate Governance
- Clare Scott, Investment and Pensions Service Manager
- Struan Fairbairn, Legal and Risk Manager
- Bruce Miller, Investment Manager
- John Burns, Pensions and Accounting Manager
- Esmond Hamilton, Financial Controller

---

## Investment Strategy Panel

The Pensions Committee sets the overall investment strategy with the implementation of that strategy, including investment monitoring, delegated to the Director of Corporate Governance who takes advice from the Investment Strategy Panel. The Investment Strategy Panel meets quarterly and comprises the Director of Corporate Governance, Investment and Pensions Service Manager, Pensions and Accounting Manager, Investment Manager and three independent advisers. The independent advisers are Gordon Bagot, Scott Jamieson and KPMG, represented by David O'Hara.



# Governance Compliance Statement

The Regulations that govern the management of Local Government Pension Scheme in Scotland require that a Governance Compliance Statement is published. This statement sets out the extent to which governance arrangements comply with best practice.

The statement below discusses arrangements at 31 March 2015, prior to the introduction of new governance arrangements on 1 April 2015. Please also see the How the Fund works section for an overview of the changes implemented.

Principle		Full Compliance	Comments
Structure	The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing Council.	Yes	<p>The City of Edinburgh Council acts as administering authority and delegates all pension scheme matters to a committee of seven members (Pensions Committee) made up as follows:</p> <ul style="list-style-type: none"> <li>- Five City of Edinburgh elected members</li> <li>- Two external members from the Consultative Panel (one each from the employer and member representatives).</li> </ul>
	That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.	Yes	<p>The Pensions Committee includes two external places for pension fund stakeholders i.e. one each from the employer and member representatives taken from the Consultative Panel. Two members of the Consultative Panel also attend the Pensions Audit Sub-Committee.</p> <p>Fund members and employers are also represented by the Funds' Consultative Panel. Membership includes six employer representatives and six member representatives.</p> <p>All members of the Consultative Panel are invited to attend the meeting of the Pensions Committee and receive the relevant papers prior to those meetings.</p>

Principle		Full Compliance	Comments
Structure (cont'd)	That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	Yes	<p>The Pensions Audit Sub-Committee consisting of three members of the Pensions Committee, report to the Pensions Committee on their findings and recommendations.</p> <p>The Funds' Consultative Panel attends the Pensions Committee meetings in an advisory, non-voting capacity and takes part in training events. Two members of the Panel are also full voting members of the Pensions Committee. Implementation of investment strategy is delegated to the Director of Corporate Governance, who takes advice from the Investment Strategy Panel. The Panel meets quarterly and reports to the Pensions Committee annually.</p> <p>The Investment Strategy Panel consists of Director of Corporate Governance, Investment and Pensions Service Manager, Pensions and Accounting Manager, Investment Manager and three independent advisers.</p>
Representation	That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include employing authorities (including non-scheme employers, e.g. admitted bodies) and scheme members (including deferred and pensioner scheme members).	Yes	<p>The Funds' Consultative Panel consists of a mix of representatives:</p> <ul style="list-style-type: none"> <li>- six employer representatives from non-administering authority employers (of which two places are reserved for Lothian Buses plc and Scottish Government)</li> <li>- six member representatives including one pensioner representative, three members (active or deferred) appointed by the Trade Union Consultative Committee and two members (active or deferred) appointed through an alternative route.</li> </ul>
	Where appropriate, independent professional observers, and expert advisors (on an ad-hoc basis).	Yes	<p>An Independent Professional Observer was appointed in March 2013 to help Committee scrutinise advice.</p> <p>Three independent investment advisers sit on the Investment Strategy Panel.</p> <p>A separate specialist Pensions Audit Sub-Committee consisting of three members (including at least two elected members from the City of Edinburgh Council) undertake the audit scrutiny of the pension funds. The Independent Professional Observer also attends the meetings of the Pensions Audit Sub-Committee.</p>

Principle		Full Compliance	Comments
<b>Representation</b>	That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision making process, with or without voting rights.	Yes	The Consultative Panel attends the Pensions Committee meetings in an advisory capacity and take part in all Committee training events. The Pensions Committee takes account of the views of the Consultative Panel when making decisions.
<b>Selection and Role of Lay Members</b>	That committee or panel members are made fully aware of the status, role and function that they are required to perform on either a main or secondary committee.	Yes	A comprehensive training programme including induction is in place. Members of the Pensions Committee are expected to attend three days of training each year and Consultative Panel members one day of training each year. The members confirm that they have read and will abide by a Code of Conduct (specifically tailored for the Committee and Panel) prior to their appointment to the Funds' Pensions Committee and Consultative Panel.
	That at the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda.	Yes	The declaration of members' interests is a standard item on the agenda of the Pensions Committee and Pensions Audit Sub-Committee.  A Code of Conduct also applies to all members of the Pensions Committee and to the Consultative Panel.
<b>Voting</b>	The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.	Yes	Five of the seven places in the Pensions Committee are held by elected members of the City of Edinburgh Council, which is required to retain a 2/3 majority in line with the Local Government (Scotland) Act 1973. The constitution of the Consultative Panel clearly documents how one each of the employer and member representatives will be elected to the Pensions Committee.
<b>Training / Facility Time / Expenses</b>	a) That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision making process.	Yes	A Code of Conduct also applies to all members of the Pensions Committee and to the Lothian Pension Funds' Consultative Panel which addresses these matters. This Code is under continual review in order that it remains up to date and that it contains an appropriate level of detail.

Principle		Full Compliance	Comments
Training / Facility Time / Expenses cont'd	b) That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.	Yes	The training policy ensures all members are treated equally. Members of the Lothian Pension Funds' Consultative Panel are encouraged to attend in-house training events. Advisers have their own professional development obligations.
	c) That the administering authority considers the adoption of annual training plans for committee members and maintains a log of all such training.	Yes	The Funds' training policy requires that each member of the Pensions Committee receives at least three days of training each year. Attendance at meetings and training is monitored and reported.
Meetings frequency	a) That an administering authority's main committee or committees meet at least quarterly.	Yes	The Pensions Committee meets at least four times a year.
	b) That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committees sits.	Yes	The Consultative Panel attends all the Pensions Committee meetings. Further meetings are held if necessary. The Pensions Audit Sub-Committee is held before the Pensions Committee at least three times with further meetings held if necessary.  The Investment Strategy Panel meets quarterly or more frequently as required.
	c) That an administering authority who does not include lay members in their formal governance arrangements must provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.	Not applicable	
Access	That subject to any rules in the council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.	Yes	Committee papers and minutes are publicly available on the Council's website and all Committee and Consultative Panel members have equal access.
Scope	That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	Yes	The Pensions Committee deals with all matters relating to both the administration and investment of the Funds.  A separate specialist Pension Audit Sub-Committee consisting of three members (including at least two elected members from the City of Edinburgh Council) undertake the audit scrutiny of the pension funds.

Principle		Full Compliance	Comments
Publicity	That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements.	Yes	<p>The City of Edinburgh Council is responsible for the appointment of members to the Pensions Committee.</p> <p>However on an annual basis:</p> <ul style="list-style-type: none"> <li>- the employer representative to be nominated for the Pensions Committee is selected by the employer representatives of the Consultative Panel</li> <li>- the member representative to be nominated to the Pensions Committee is selected by the member representatives of the Consultative Panel.</li> </ul> <p>Membership of the Consultative Panel is rotated every three years.</p> <p>The Funds publish governance documents and communicate regularly with employers and scheme members. Two members of the Consultative Panel are recruited by self nomination.</p>



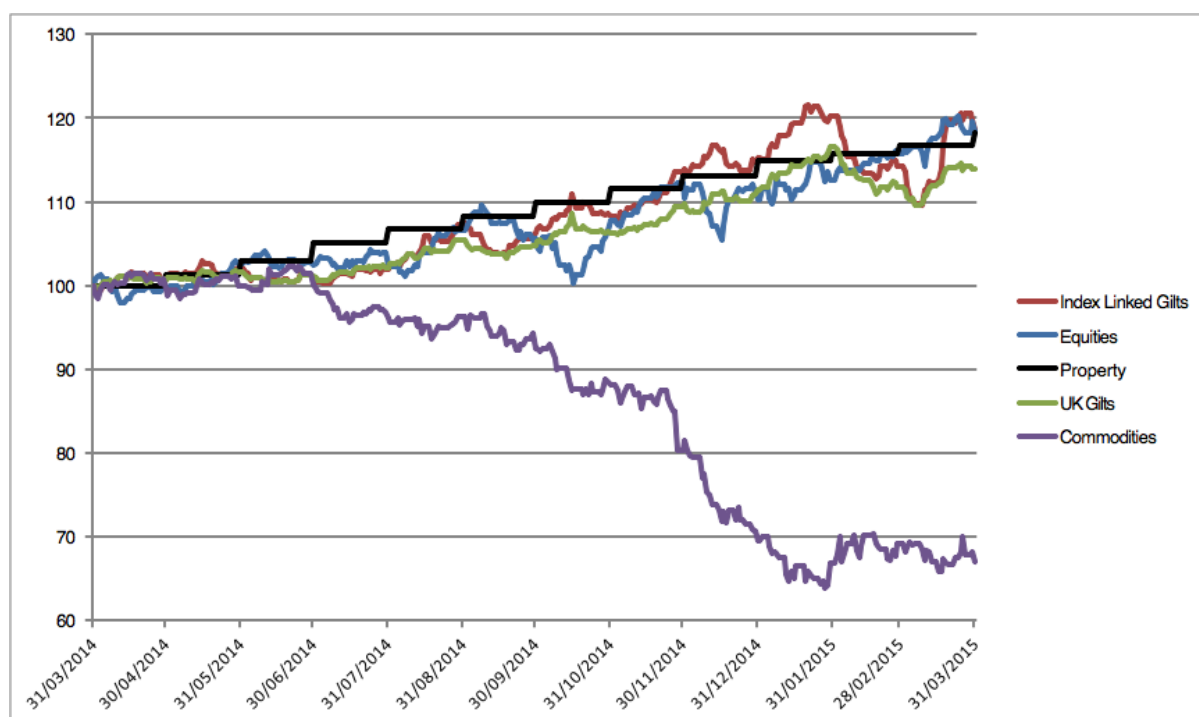
# Investments

## Investment markets

The UK economy has made a solid recovery since the dark days of the global financial crisis in 2008/09. Unemployment has shrunk to 6% from a peak of 8% in 2009, and the employment rate of 73.3% is the highest since records began in 1971. The public sector deficit has halved since 2010. In 2014, the UK economy expanded by 2.8%, although it slowed in the first quarter of 2015. US economic growth has been robust for the last few years, and even laggard countries and regions such as Japan and Europe are now displaying some springtime green shoots of recovery.

Asset markets continue to respond positively to low interest rates and unconventional monetary policies (bond buying by central banks) aimed at stimulating economic growth. Perhaps unsurprisingly, government and corporate bond markets made handsome gains as investors anticipated strong central bank buying support for these assets. Equity markets benefited too. The US equity market is now comfortably in excess of its two previous peaks, Japanese equities continued to perform well and the UK stock market is once again hovering around its historical high point. Even the continental European stock markets have shown signs of reviving, but after a long period in the doldrums, the outstanding equity market performer over 2014/15 was the Shanghai Stock Exchange in China, which soared 56%. Other asset classes, such as property, also made attractive returns. The key feature in currency markets was US dollar strength. The only real disappointment was commodities, where oil and iron ore prices in particular fell sharply.

### One Year Asset Class Returns – Major Markets (rebased to 100)



Looking ahead, investors are wondering how long the current positive environment for asset markets can last. Given that the low interest rates and unconventional monetary policy (so-called quantitative easing) are inextricably linked with prices in asset markets, the fear is that this element of support will be withdrawn and interest rates will rise. This is front and centre of mind in one of the two largest economies in the world, the USA, where wage inflationary pressure could cause the economy to overheat. This is not the case across the globe. The European Central Bank has only recently resorted to stimulating the economy with quantitative easing and the other giant economy in the world, China, seems quite out of sync with the USA, having recently embarked on a policy of cutting interest rates in the face of a slowing economy and low inflationary pressure.

So, the timing of less supportive central bank policies is far from clear (further market gains are quite possible), but that tightening monetary policy will cause increased volatility and declines in bond and equity markets with high valuations is crystal clear. The high returns of 2014/15 cannot be sustained over the long term.

Other than monetary policy, there are a number of issues that will affect asset market returns in an unpredictable way going forward. There are numerous high profile geopolitical risks preying on investors' minds. These include Greek debt, Chinese expansion, the Ukraine conflict, war in Syria and fallout from the lower oil price in producing countries such as Norway, Russia, Venezuela and Saudi Arabia. These geopolitical risks are manageable to the extent that it is in nobody's interests to let them get out of control. Uncertainty is a constant in the investment backdrop and it is the uncertainty which creates the opportunities for investors to earn returns higher than those available from risk-free assets. With the benefit of economic growth and advancement over the coming years and decades, a diversified portfolio of assets should provide that risk premium over the long term.

---

## Investment strategies

The review of investment strategies for all three Funds during 2012 concluded that there was scope to reduce investment risk. Given valuations of fixed income markets, the Funds' current focus has been on robust income generation and lower risk from other assets, including equities. The allocations to index-linked gilts provide a good match to liabilities and a measure of diversification for the Funds, but they provide a very low or negative real return.

The Funds have made considerable progress in moving away from market capitalisation benchmarks, which are regarded as sub-optimal, and continue to focus on ways to ensure that the objectives and risk tolerances of individual portfolios are closely aligned with the overall objectives of the Funds as possible. Capital preservation and growth are more important than following an index.

Over 2014/15, both Lothian Pension Fund and Lothian Buses Pension Fund reduced their equity allocations and increased their index-linked allocations modestly and continued to make new commitments to alternative assets, including timber assets and infrastructure investments in Scotland and overseas. Scottish Homes Pension Fund reduced its equity allocation and increased the allocation to index-linked gilts over 2014/15 as result of improvements in the funding level.

---

## Responsible investment

We strive to be active shareholders in order to enhance the long-term value of our investments. The Funds consider environmental social and governance issues in the investment process in a manner which is consistent with the fiduciary duty to provide the highest standard of stewardship on behalf of the beneficiaries.

Robust arrangements are in place to ensure that the Funds' shareholdings are monitored and appropriate voting and engagement activity is undertaken with the aim of bringing about positive long term change at companies through a focused and value oriented approach.

We are a signatory to the Principles for Responsible Investment and publish how the Financial Reporting Council UK Stewardship Code requirements, which promote public disclosure of stewardship activities, are met. The Funds undertake voting and engagement activities through Hermes Equity Ownership Service for the majority of the investments. Baillie Gifford, UBS and State Street take direct responsibility for stewardship issues in the investments they manage on the Funds' behalf.

Over the year, we voted at shareholder meetings for the more than 800 companies in which the Funds were invested, voting on over 10,000 resolutions and opposing over 600 of them. Hermes EOS engaged on our behalf with over 130 companies across the world on topics such as board structure, executive compensation, climate change and retail supply chains.

As part of the Funds' responsible investing activities, we undertake class action activity, which typically involves a group of shareholders collectively suing a company in order to recover a loss in share value. During 2014-15, all the cases where the Funds were acting as co-lead plaintiff in class action lawsuits concluded. The potential benefits and risks of active participation in class actions will continue to be assessed on a case by case basis.

Councillor Cameron Rose, a member of the Pensions Committee, is Vice Chair of the Local Authority Pension Fund Forum (LAPFF), which promotes the investment interests of local authority pension funds and seeks to maximise their influence as shareholders. LAPFF has continued its work on accounting standards for the banking industry and has made significant progress. Other recent activity includes engagement on corporate governance, carbon risk and executive pay. Members of the LAPFF executive committee attended a number of company AGMs over the last year, where the boards were challenged on executive pay arrangements and questions were posed to chairmen on corporate carbon management risk, employment standards, customer service, dividends and buybacks.





# Funding and Financial Performance

## Funding Strategy Statement

The Funding Strategy Statement sets out how we balance the potentially conflicting aims of affordability and stability of employers' pension contributions whilst taking a prudent long-term view of funding pension liabilities. The Funding Strategy Statement was revised at the 2014 Actuarial Valuation and can be viewed on our website at [www.lpf.org.uk/publications](http://www.lpf.org.uk/publications). The Statement covers the funding strategies of each of the three Funds.

## Administrative expenses

A summary of the Division's administrative expenditure for 2014/15 is shown against the budget approved by Pensions Committee.

The budget focuses on controllable expenditures and therefore excludes all benefit payments and transfers of pensions from the Funds. Similarly, income does not include contributions receivable and pension transfers to the Funds.

The key variances against budget were:

Investment management fees - £1,601k underspend. This saving arose from greater use of in-house investment management expertise, with external fund mandates to Rogge, Baillie Gifford and Invesco being terminated over the year.

Income - £1,499k additional receipts. Securities lending revenue exceeded budget by £1,407k. This resulted primarily from favourable changes in securities lending activity in investment markets, particularly in the United States, and also reflected changes to the underlying asset holdings.

Employees - £261k underspend. This arose from savings from unfilled posts and also the timings of recruitment.

### Administrative expenses (comparison with approved budget)

	Approved budget	Actual outturn	Actual variance
	£000	£000	£000
Employees	2,253	1,992	(261)
Property	77	158	81
Plant and Transport	27	27	-
Supplies and Services	952	805	(147)
Investment Managers Fees - Invoiced	9,453	7,852	(1,601)
Other Third Party Payments	522	654	132
Capital funding - Depreciation	80	87	7
<b>Direct Expenditure</b>	<b>13,364</b>	<b>11,575</b>	<b>(1,789)</b>
Support Costs	281	322	41
Income	(772)	(2,271)	(1,499)
<b>Total net controllable cost to the Funds</b>	<b>12,873</b>	<b>9,626</b>	<b>(3,247)</b>

The budget excluded certain investment management fees relating to pooled investment funds, including private equity, infrastructure and property. This reflected the previous accounting policy, whereby such costs were included within "changes in market value of investments" and "investment income".

Such costs, together with a reconciliation of the gross costs for 2014/15, are shown below. This is intended to accord with CIPFA guidance "Accounting for Local Government Pension Scheme Management Costs", dated July 2014, which promotes greater transparency of investment management fees.

	Actual outturn
	£000
Actual outturn on budgeted items above	9,626
Add back securities lending revenue included in income above	2,207
Investment property administration costs	648
Investment transaction costs	2,002
Investment management fees deducted from capital	15,923
<b>Total cost to the Funds (inclusive of full investment management fees)</b>	<b>30,406</b>
<b>Per Fund Accounts</b>	
Lothian Pension Fund	28,721
Lothian Buses Pension Fund	1,432
Scottish Homes Pension Fund	253
<b>Total</b>	<b>30,406</b>

---

# Actuarial Valuations 2014

We carry out an actuarial valuation for the pension Funds every three years and the latest was held at 31 March 2014. Below are summaries of the valuation reports which are available on our website: [www.lpf.org.uk/publications](http://www.lpf.org.uk/publications)

## Lothian Pension Fund

The financial position of the Fund at 31 March 2014 saw the value of assets of £4,379 million while the liabilities (estimate of pension benefits to be paid in the future) was £4,796 million. The deficit rose from £142 million as at 31 March 2011 to £417 million which resulted in the funding level falling from 96% in 2011 to 91% in 2014. Overall the Fund's investments performed well and employer contributions have been greater than the cost of new benefits being built up. However, the overall funding level has reduced due to falls in bond yields (used to estimate the current value of future liabilities) as well as improvements in longevity which leads to pensions being paid longer.

## Lothian Buses Pension Fund

Lothian Buses Pension Fund saw an improved funding level, rising from 112% in 2011 to 117% at 31 March 2014. The value of assets rose from £257 million to £337 million. The liabilities at March 2014 were £289 million so the Fund showed a surplus of £48 million on the ongoing valuation basis. Investment returns for the three years to 31 March 2014 were higher than anticipated.

Historically, the funding position of Lothian Buses Pension Fund has been assessed on an ongoing basis. That allows for investment returns in excess of those expected from Government bonds. However, the Fund has been closed to new entrants since 1 January 2008 and the liabilities will therefore gradually mature as members currently paying into the Scheme retire and take their benefits. Therefore, the funding level was also measured on a more prudent basis using government bond (gilts) yields. This increases the liabilities by £93 million and reduces the funding level to 88.2% resulting in a deficit of £45 million on the gilts basis valuation.

## Scottish Homes Pension Fund

The funding strategy for the Scottish Homes Pension Fund is determined by the guarantee agreement with the Scottish Government. The funding level stood at 89% at 31 March 2014 (86% at 2011) which is below the target funding level of 91.5%. As guarantor, the Scottish Government will pay a contribution of £675,000, including administration costs, each year from April 2015 to March 2018.

# Risk Management Statement

The Funds are committed to a strong control environment to ensure that risks are identified, understood, managed and monitored appropriately. The risks (not taking account of our controls) faced by the Funds change over time and ongoing management of risk is crucial. The Funds also have a compliance policy and each manager is responsible for ensuring compliance within their area of responsibility.

As at 31 March 2015, the most significant risks (taking account of controls), as assessed by the Investment and Pensions Service Management Team, were as follows:

Description	After controls			
	Impact	Likelihood	Risk score	Risk target
Recruitment and retention of appropriate key staff	5	7	35	16
The collapse of an employer body member, leading to pressure on other employers	4	8	32	21
Adverse movement against non-investment assumptions leading to pressure on employer contributions	5	6	30	20
Receiving services without adequate contractual protection	6	5	30	10
Over reliance on single service provider for core functions	7	4	28	18



# Performance against our service plan objectives

The Fund is committed to continuously developing to provide the best possible service to our customers. We set our vision, objectives, key actions and how we will measure success in the our annual service plan. We regularly report our progress to the Pensions Committee and Consultative Panel.

The Fund objectives are:

- to provide excellent customer care
- to support and develop staff
- to continue to be a top performing fund.

In 2014/15, we have delivered the following achievements:

- introduced LGPS2015 and participated in Scotland-wide communications and Regulation changes
- successfully completed Actuarial Valuations for the three pension funds and work continued work on employer covenants
- participated in the debate on governance changes leading to new governance arrangements for Scotland and put in place a new Pension Board with effect from 1 April 2015
- introduced a new internal global equity portfolio after extensive research and transferred approximately £300 million to internal management
- implemented new Customer First team - leading to improved call handling
- reduced our backlog of work - during the year carrying out 25,448 procedures (8,914 key and 23,697 non key)
- introduced investment cost transparency in our Annual Report and Accounts
- created two companies in order to separate some service functions and obtain FCA authorisation
- automated the process for one off benefit payments, creating efficiency and reducing risk.

---

## Performance against key objectives

Our key performance indicators are split into three main categories in line with our objectives - customers, staff and performance. Our performance targets and actual performance for the year are set out below. The investment performance can be found later in this report under each individual Fund accounts section.

### Service plan objective 1 - To provide excellent customer care

	Target	Actual
Overall satisfaction of employers, active members and pensioners with our services as measured by surveys	86%	89%
Proportion of active members receiving a benefit statement by 30 August 2014	95%	96%
Retain Customer Service Excellence Standard accreditation	Retain	Retained



**Service Excellence**

We use the Customer Service Excellence (CSE) framework to maintain our commitment to customer service and ensure we continuously make improvements to our customer services. Our annual external CSE assessment ensures we improve and develop our services on an ongoing basis.



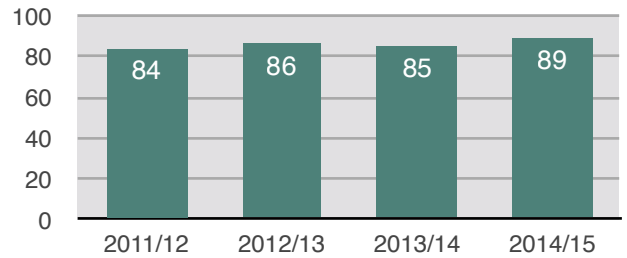
Our assessment in February 2015 saw us retain CSE for another year adding two more Compliance Plus awards for our complaint handling and also working with employers to improve the provision of data in a timely manner. We now hold four Compliance Plus awards. In 2015, the assessor commented in his report that the "service demonstrated that it has continued to provide a very high quality of service to its customers."



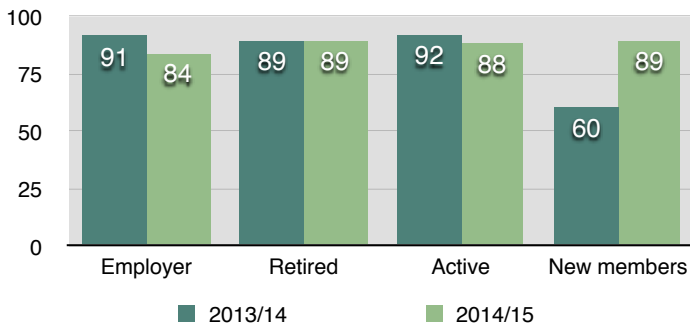
**Surveys**

Our overall customer satisfaction was 89%, above the target of 86%. The satisfaction of our different customer groups (employers, retired, active and new members) is shown.

Overall satisfaction with services - %



Overall satisfaction by survey



The work carried out by the Fund to introduce improvements to the way employers provide their data to us via our employer online system has significantly improved the service for new scheme members. Satisfaction has improved significantly from 60% in 2013/14 to 89% in 2014/15.

**Complaints**

We monitor the complaints we receive on a monthly basis. We respond promptly to any complaints, investigate them and learn from them to improve the service.

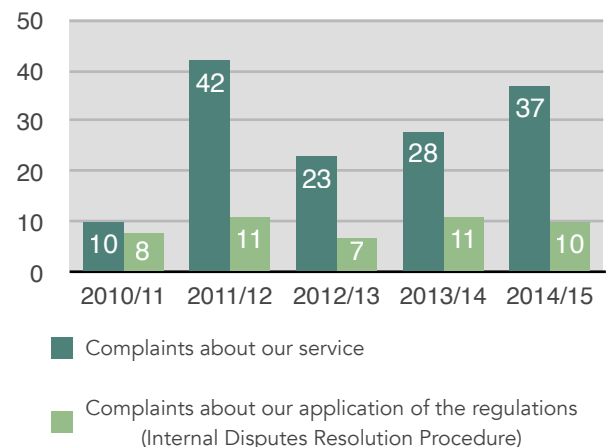
We categorise our complaints in two ways:

Complaints about our service

Complaints about our application of the regulations

The graph shows the number of complaints in each of the categories. These represent less than 0.1% percentage of the procedures (over 25,000) we carried out in 2014/15.

Complaints

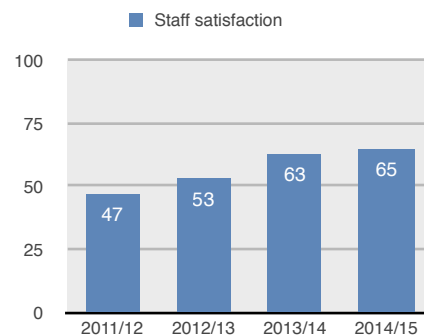


## Service plan objective 2 – Support and develop staff

	Target	Actual
Level of sickness absence	4%	2.1%
Staff satisfaction with present job	65%	65%
Minimum number of days training per year for each member of staff	2 days	2 days

Our staff are at the heart of our business and are key to delivering our objectives. Key indicators for staff in 2014/15 were overall staff satisfaction, sickness absence levels and training hours completed. All targets were achieved. The sickness absence rate was low at 2.1% and overall job satisfaction has increased steadily over recent years and was 65% in 2014/15.

Over the last financial year, all our staff have had regular training to ensure they meet the target of at least two days training. As well as attendance at external seminars, we held in-house sessions covering topics such as the new Scheme, annual report, risk, the actuarial valuation and data protection.



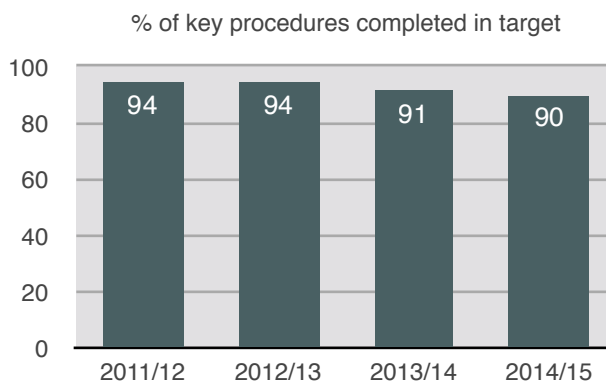
## Service plan objective 3 – To continue to be a top performing Fund

	Target	Actual
Percentage of critical pensions administration work completed within standards	90%	90%
Audit of annual financial statements	Unqualified opinion	Yes
Data quality - compliance with best practice as defined by the Pensions Regulator	Fully compliant	Fully compliant
Employer contributions paid within 19 days of month end	98%	98%

### Pensions Administration

The dedicated in-house team provides pension administration services for the three pension funds. The time it takes to complete our procedures is monitored. Key procedures include processing of retirement and dependent benefits, providing information for new members, transfers and retirement quotes. Performance for these key procedures over the year 2014/15 showed 90% of the work completed was within target.

In 2014/15, the overall volume of work continued to increase and we focused on reducing a backlog of non-key work, whilst also continuing the drive to enhance data quality.



## Data quality

High quality data is essential for us to provide an excellent service to our members. During the year more than 60 employers started submitting contribution data to us on a monthly basis - leading to cleaner membership data. Along with our employer web portal, introduced to assist with the transfer of data, we have adopted other initiatives to improve member information. These include participation in specialist longevity and data analyses through "Club Vita", a service provided by the Funds' Actuary.

We also carry out quarterly checks with the General Register Office and participate in the National Fraud Initiative. In 2014, we carried out a matching exercise for deferred members where we have lost touch with them. The project is currently being followed up with contact being made where a possible match has been found.

Pension record keeping standards are also measured against The Pension Regulator's best practice guidance and appropriate assurance attained.

The Pensions Regulator data standards	Target	Actual
<b>Common data</b>		
New data (post June 2010)	100%	100%
Old data (pre June 2010)	95%	97%
<b>Conditional and Numerical Data</b>		
Fund specific measurement including date of joining; pensionable remuneration; date of leaving and reasons for leaving etc.	98%	98%

## The Pensions Administration Strategy

The Funds' Pensions Administration Strategy highlights the duties and performance standards for the Funds and participating employers.

We rely on employers providing prompt information to ensure we can provide timely and accurate services to our members. We monitor employer performance regularly and update employers on their performance both individually and on a fund-wide basis at our employer events. During 2014/15, we continued to meet with our largest employers to discuss performance and worked with them to help us deliver a better service to members. We have also provided training and support to employers to provide monthly contribution information. This process helps identify any missing or incorrect membership data more quickly, improving data quality and hence helping us to deliver a better service to members. This was recognised as part of the assessment for Customer Service Excellence where the assessor noted that 'work undertaken with partners to resolve data quality issues has led to improved pension information for customers'.

Employer performance for 2014/15 and 2013/14 for comparison is shown below:

Case type	Target (working days)	2013/14			2014/15		
		Number received	Number within target	% within target	Number received	Number within target	% within target
New member	20	4,069	2,812	69%	4,741	3,631	77%
Leaver	20	1,006	384	38%	2,430	1,189	49%
Retirement	20	778	374	48%	931	373	40%
Death in service	10	42	23	55%	29	7	24%



In 2014/15, there have been significant increases in the number of leavers and new members and performance has improved in both categories during the year. We have continued to work with employers to deal with outstanding queries regarding leavers from previous years. As more employers supply monthly contribution data for each member, we anticipate that performance will further improve in this area.

In contrast the proportion of cases when we receive information on retirement and death in service from employers within target timescales has worsened over the year. We dealt with nearly 20% more retirement cases during the year, and more than a third of all retirements required some additional consent (for instance ill-health or redundancy retirement). These cases can often be difficult to process in their target timescales.

Efforts to ensure employers send details of membership changes promptly to the Fund will continue, including education of employer contacts at all steps of the retirement process to ensure that employers are aware of the need to provide information promptly.

### Employer contributions

The Pensions Act 1995 requires employers to pay pension contributions by the 19<sup>th</sup> of the month following the deduction from an employee's pay. This requirement is highlighted in the Pensions Administration Strategy and to all new employers on joining the Fund.

We monitor this requirement via our key performance indicators to ensure compliance with the Act. The target for 2014/15 of 98% of pension contributions paid in time was achieved.

Of the 1,161 payments made to the Fund in 2014/15, 62 payments were later than the target of the 19th of the month. The number of late payments by employer is provided below.

Employer	Number of late payments
Broomhouse Centre Representative Council	1
Centre for Moving Image	1
Children's Hearing Scotland	3
Dawn Construction	3
Dean Orphanage	1
Donaldson Trust	2
Edinburgh Cyrenians Trust	1
Edinburgh Festival Society	1
Edinburgh World Heritage	1
Edinburgh College	1
ELCAP	1
Enjoy East Lothian	2
Festival City Theatres Trust	2
First Step	1
Forth & Oban	1
Four Square	4

Employer	Number of late payments
Granton Information Centre	6
Homeless Action Scotland	1
Scottish Fire & Rescue Service (Training College)	1
Police Scotland	1
Midlothian Council	1
North Edinburgh Dementia Care	1
Penumbra	3
Pilton Community Health Project	5
Royal Edinburgh Military Tattoo	2
Scotland's Learning Partnership	2
Skanska	2
St Columba's Hospice	1
Stepping Our Project	1
Victim Support Scotland	5
Wester Hailes Land & Property Trust	4

# Lothian Pension Fund

## Membership records

Status	Membership at 31 March 2012	Membership at 31 March 2013	Membership at 31 March 2014	Membership at 31 March 2015
Active	28,337	28,869	30,622	32,273
Deferred	15,392	16,600	16,482	15,916
Pensioners	18,905	20,484	19,972	20,636
Dependants	3,720	4,064	3,770	3,810
<b>Total</b>	<b>66,354</b>	<b>70,017</b>	<b>70,846</b>	<b>72,635</b>

## Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the Local Government Pension Scheme (Benefits, Membership and Contributions) (Scotland) Regulations 2008. These contributions depend on pay and for the year ended 31 March 2015 the contribution rates were as follows:

Full time equivalent pensionable pay (rate of pay on 31/3/2015)	Rate
Less than £20,382	5.50%
Between £20,383 and £26,489	Between 5.6% and 6.0%
Between £26,490 and £33,254	Between 6.1% and 6.5%
Between £33,255 and £46,876	Between 6.6% and 7.5%
Between £46,877 and £52,810	Between 7.6% and 8.0%
Between £52,811 and £70,711	Between 8.1% and 9.0%
Between £70,712 and £106,974	Between 9.1% and 10.0%
Between £106,975 and £245,412	Between 10.1% and 11.2%

Employers' contributions are set at the triennial actuarial valuation. The contribution rates for the year ended 31 March 2015 were based on the actuarial valuation as at 31 March 2011. This valuation resulted in a common contribution rate (i.e. the average of the employers contributions) of 18.0% of pensionable earnings, this includes 1.2% in respect of the past service deficit. In practice, each employer pays contributions at a specific rate that relates to its funding experience. For 2014/15, the rates for the four Council's as major employers ranged from 16.6% to 17.2% for service currently being accrued plus a fixed amount towards the past service deficit.

In December 2013, Lothian Pension Fund introduced a Contribution Stability Mechanism for contribution rates for some employers until March 2021. In developing this proposal, the Fund commissioned, from its Actuary, detailed financial modelling of liability and asset cashflows under a range of scenarios. Membership factors and salary growth assumptions were taken into account. Forecasts were made over the long-term horizon relevant to the Local Government Pension Scheme. Currently, total contributions received by the Lothian Pension Fund remain sufficient to pay pension benefits. The Fund, however, is expected to move to a cashflow negative position in the near future and when / if it does investment income will be used to pay pensions, rather than reinvesting. The Fund continues to regularly monitor its cashflows.

More information on funding can be found in the Actuarial Statement for 2014/15 at the end of this section.

The Fund has recently completed its triennial valuation as at 31 March 2014. The Fund's actuary has calculated the funding level as 91%.

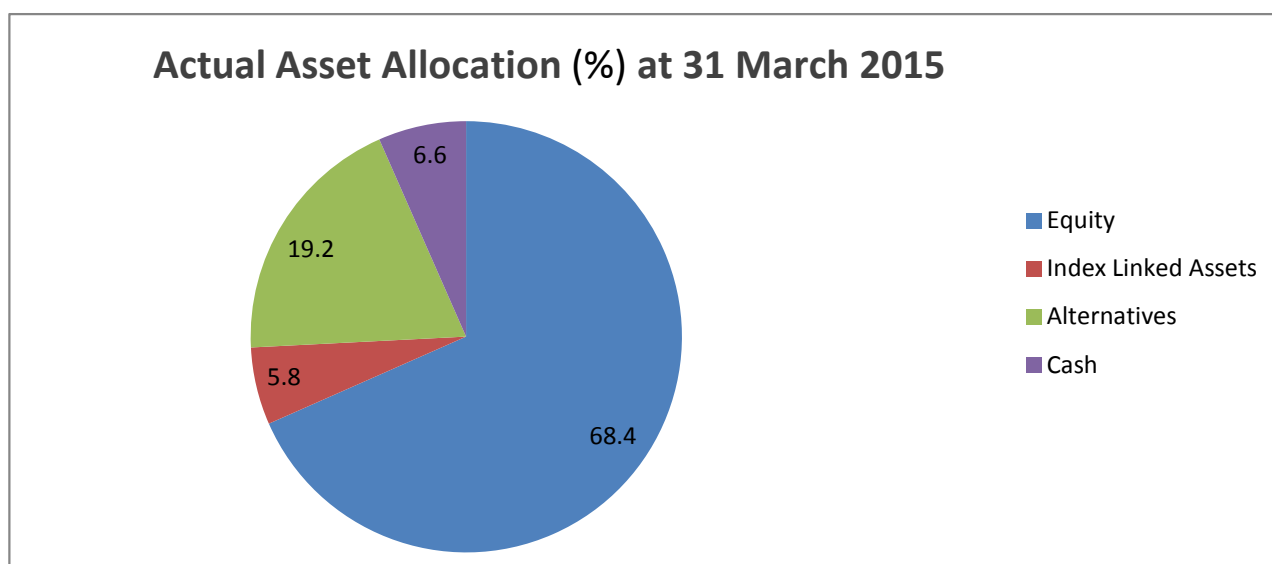
## Investment Strategy

The Pensions Committee approved the Investment Strategy 2012-17 for Lothian Pension Fund in October 2012. The strategy reduces the allocation to equities (including private equity) from 71.5% at the end of 2012 to 65% by the end of 2017 and increases the allocation to index-linked gilts and alternatives. It recognises a gradually changing risk profile for the Fund, but retains significant exposure to investments, such as Index-Linked Gilts and Equities, which have a history of protecting or enhancing purchasing power after the effects of inflation have been taken into account.

The investment strategy is set at the broad asset class level of Equities, Index-Linked Assets and Alternatives, which are the key determinants of investment risk and return. The Equities category includes listed and unlisted equities; Index-Linked Assets includes index-linked gilts/bonds and gold; Alternatives include property, infrastructure, timber and fixed income assets, such as corporate bonds and other debt investments.

The long term strategy for 2012-17 is set out in the table below along with the current interim strategy allocation and the asset allocation limits under normal financial conditions.

	Strategic Allocation 31/03/2015	Long term Strategy 2012 - 2017	Permitted ranges
	%	%	%
Equities	68	65	50 - 75
Index Linked Assets	7	7	0 - 20
Alternatives	24	28	20 - 35
Cash	1	0	0 - 10
Total	100	100	n/a



The implementation of the Investment Strategy 2012-17 continued to proceed at a measured pace over 2014/15 as investment opportunities became available and as research on opportunities was completed. Progress towards the long term strategy allocation involves the interim strategy allocation and the actual asset allocation changing gradually over time. The pace of change can be accelerated or slowed depending on asset prices, the availability of alternative investments and research conclusions on new strategies.

The most significant change to the Fund over 2014/15 was a further shift from regional to lower risk global equity mandates. Approximately three quarters of the Fund's equities are managed internally with the majority of these in low cost, low turnover strategies, which are expected to enhance the Fund's risk-adjusted returns over the long term. The Fund continues to outsource investment management services for specialist mandates, which complement the portfolio strategies employed internally.

## Investment performance

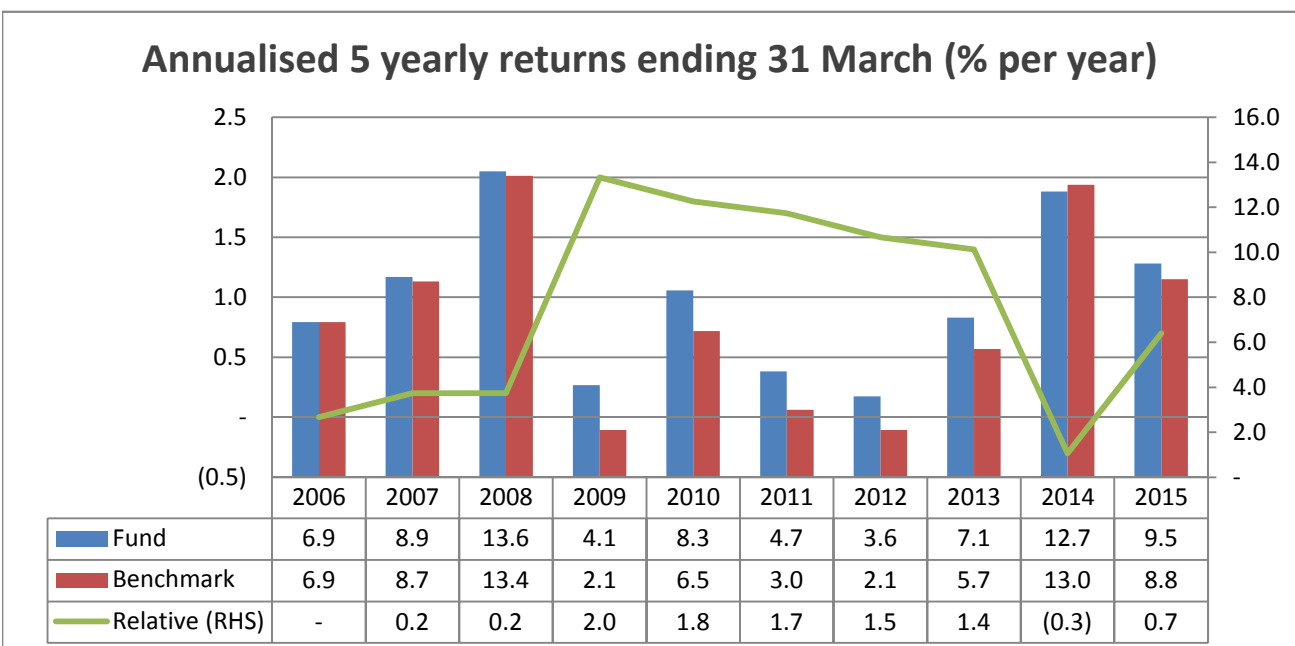
The objectives of the Fund were redefined in December 2012 and are:

- over long-term economic cycles (typically 5 years or more) the achievement of the same return as that generated by the strategic allocation
- over shorter periods, the Fund should perform better than the strategic allocation if markets fall significantly.

The Fund has achieved returns in excess of the strategic allocation over the last year and over the longer term timeframes shown in the table. The benchmark return shown in the table is the strategic allocation and comprises equity, index-linked gilt and cash indices as well as an inflation-linked index for the alternatives allocation. Returns relative to the benchmark over a one year period need to be placed in the context that there are no ideal benchmarks for many of the assets held in the Fund, especially the Alternatives. The Fund's benchmark for Alternatives is inflation plus 3.5% per annum, which makes sense over the long term as the Fund's liabilities are linked to inflation. However, over shorter periods, there is less information content in the relative returns of the Fund because the development of asset prices is much more volatile than that of UK retail or consumer prices. The Investment Strategy Panel assesses the underlying risks of the portfolios that make up the asset allocation to ensure that these are consistent with the long term objectives of the Fund.

### Annualised returns to 31 March 2015 (% per year)

	1 year	5 year	10 years
Lothian Pension Fund	16.5	9.5	8.9
Benchmark	14.5	8.8	7.6
Retail Price Index (RPI)	0.9	3.1	3.0
Consumer Price Index (CPI)	(0.1)	2.4	2.5
National Average Earnings	3.3	1.7	2.6



# Lothian Pension Fund

## Fund Account for year ended 31 March 2015

2013/14 £000	Note	2014/15 £000
<b>Income</b>		
140,721	2	142,437
41,363	3	42,343
4,280	4	6,452
<b>186,364</b>		<b>191,232</b>
<b>Less: expenditure</b>		
120,434	5	128,701
34,942	6	31,456
5,331	7	3,593
235		423
186		407
10,392	8	5,580
1,943	9a	1,780
<b>173,463</b>		<b>171,940</b>
<b>12,901</b>	<b>Net additions from dealing with members</b>	<b>19,292</b>
<b>Returns on investments</b>		
124,526	10	122,404
171,440	12a, 13b	613,941
(25,990)	9b	(26,941)
<b>269,976</b>	<b>Net returns on investments</b>	<b>709,404</b>
<b>282,877</b>	<b>Net increase in the Fund during the year</b>	<b>728,696</b>
<b>4,094,659</b>	<b>Net assets of the Fund at 1 April 2014</b>	<b>4,377,536</b>
<b>4,377,536</b>	<b>Net assets of the Fund at 31 March 2015</b>	<b>5,106,232</b>

# Lothian Pension Fund

## Net Assets Statement as at 31 March 2015

31 March 2014			31 March 2015
£000		Note	£000
<b>Investments</b>			
4,349,645	Assets		5,077,632
(6,335)	Liabilities		(5,048)
4,343,310		11, 14	5,072,584
<b>Fixed assets</b>			
397	Computer systems		365
397			365
<b>Current assets</b>			
7,819	The City of Edinburgh Council	20	6,352
31,734	Cash balances	14, 20	36,350
11,286	Debtors	17, 23	9,769
50,839			52,471
<b>Current liabilities</b>			
(17,010)	Creditors	18	(19,188)
(17,010)			(19,188)
33,829	<b>Net current assets</b>		33,283
4,377,536	<b>Net assets of the Fund at 31 March 2015</b>	13a	5,106,232

JOHN BURNS FCMA CGMA

Pensions and Accounting Manager

24 June 2015

### Note to the net assets statement

The financial statements summarise the transactions of the Fund during the year and its net assets at the year end. They do not take account of the obligations to pay pensions and benefits which fall due after the end of the year. The actuarial position of the Fund, which does take account of such obligations, is discussed in the Actuarial Valuation section of this report and these financial statements should be read in conjunction with that information. In addition, as required by IAS26, the Actuarial Present Value of Promised Retirement Benefits is disclosed in the notes to these financial statements.

# Notes to the Accounts

## 1 Events after the balance sheet date

There have been no events since 31 March 2015, and up to the date when these accounts were authorised, that require any adjustments to these accounts.

## 2 Contributions from employers

The total contributions receivable analysed between the administering authority, other scheduled bodies and admitted bodies were as follows:-

	2013/14	2014/15
	£000	£000
<b>By category</b>		
Percentage of pay	107,927	111,692
Fixed deficit contribution	24,756	24,698
Strain costs	7,870	5,131
Cessation contribution	168	916
	140,721	142,437
<b>By employer type</b>		
Administering Authority	56,472	55,795
Other Scheduled Bodies	67,659	67,980
Community Admission Bodies	16,292	18,411
Transferee Admission Bodies	298	251
	140,721	142,437

From 1 April 2012, following the actuarial valuation of 31 March 2011, all employers are required to make a fixed contribution towards the past service deficit that relates to their employees. In previous years only some of the larger employers were required to make a fixed contribution. The deficit recovery period varies depending on the individual circumstances of each employer ranging up to 20 years.

Where an employer makes certain decisions which result in additional benefits being paid out to a member, or benefits being paid early, this results in a "strain" on the Fund. The resulting pension strain costs are calculated and recharged in full to that employer.

Any employer that ceases to have at least one actively contributing member is required to pay a cessation contribution.

## 3 Contributions from members

	2013/14	2014/15
	£000	£000
<b>By employer type</b>		
Administering Authority	16,172	16,544
Other Scheduled Bodies	19,433	19,751
Community Admission Bodies	5,686	5,988
Transferee Admission Bodies	72	60
	41,363	42,343

## 4 Transfers in from other pension schemes

	2013/14	2014/15
	£000	£000
Group transfers	-	703
Individual transfers	4,280	5,749
	4,280	6,452

# Notes to the Accounts

<b>5 Pensions payable</b>	<b>2013/14</b>	<b>2014/15</b>
<b>By employer type</b>	<b>£000</b>	<b>£000</b>
Administering Authority	62,517	60,636
Other Scheduled Bodies	47,937	56,688
Community Admission Bodies	9,883	11,234
Transferee Admission Bodies	97	143
	<b>120,434</b>	<b>128,701</b>

For 2013/14, the above split was based on an estimated allocation due to limitations of the old pension payroll system. The new payroll system now allows the Fund to identify all expenditure directly to each employer which in turn improves the accuracy of this analysis.

<b>6 Lump sum retirement benefits payable</b>	<b>2013/14</b>	<b>2014/15</b>
<b>By employer type</b>	<b>£000</b>	<b>£000</b>
Administering Authority	15,131	12,330
Other Scheduled Bodies	17,289	15,783
Community Admission Bodies	2,477	3,301
Transferee Admission Bodies	45	42
	<b>34,942</b>	<b>31,456</b>

<b>7 Lump sum death benefits payable</b>	<b>2013/14</b>	<b>2014/15</b>
<b>By employer type</b>	<b>£000</b>	<b>£000</b>
Administering Authority	2,453	1,191
Other Scheduled Bodies	2,340	2,020
Community Admission Bodies	489	382
Transferee Admission Bodies	49	-
	<b>5,331</b>	<b>3,593</b>

<b>8 Transfers out to other schemes</b>	<b>2013/14</b>	<b>2014/15</b>
	<b>£000</b>	<b>£000</b>
Group transfers	5,287	-
Individual transfers	5,105	5,580
	<b>10,392</b>	<b>5,580</b>

<b>9a Administrative expenses</b>	<b>2013/14</b>	<b>2014/15</b>
	<b>£000</b>	<b>£000</b>
Employee costs	1,042	985
The City of Edinburgh Council - pension payroll costs	111	-
The City of Edinburgh Council - other support costs	262	134
System costs	197	208
Actuarial fees	75	89
External audit fees	43	44
Legal fees	64	3
Printing and postage	38	94
Depreciation	63	67
Office costs	40	88
Sundry costs less sundry income	8	68
	<b>1,943</b>	<b>1,780</b>



# Notes to the Accounts

The Investment and Pensions Division of the Council is responsible for administering the three pension Funds. The Division receives an allocation of the overheads of the Council. In turn the Division allocates administration and investment costs to the three pension funds. Costs directly attributable to a specific fund are charged to the relevant Fund, costs that are common to all three funds are allocated on a defined basis. Other costs are allocated on the basis of the number of members in each pension fund.

<b>9b Investment management expenses</b>	<b>2013/14</b>	<b>2014/15</b>
	<b>£000</b>	<b>£000</b>
External management fees - invoiced	7,542	7,113
External management fees - deducted from capital	13,318	15,274
Transaction costs	2,805	1,971
Property operational costs	781	648
Employee costs	772	841
Custody fees	206	375
Engagement and voting fees	68	71
Performance measurement fees	56	50
Consultancy fees	40	70
System costs	141	141
Legal fees	109	107
The City of Edinburgh Council - other support costs	104	161
Office costs	16	57
Sundry costs	32	62
	<b>25,990</b>	<b>26,941</b>

Investment costs directly attributable to a specific fund are charged to the relevant Fund, costs that are common to all three funds are allocated based on the value of the Funds as at the year end.

Any indirect costs incurred through the bid-offer spread on some pooled investment vehicles are reflected in the cost of investment acquisitions or in the proceeds of investment sales (see note 12a - Reconciliation of movements in investments and derivatives).

The external investment management fees above include £5.258m in respect of performance-related fees (2013/14 £3.056m).

<b>9c Management expenses</b>	<b>2013/14</b>	<b>2014/15</b>
	<b>£000</b>	<b>£000</b>
Administrative costs	1,744	1,550
Investment management expenses	24,022	25,479
Oversight and governance costs	2,167	1,692
	<b>27,933</b>	<b>28,721</b>

This analysis of costs for the Lothian Pension Fund has been prepared in accordance with CIPFA guidance. The analysis looks at the combined Administration and Investment expenses in note 9a and b and splits out the costs to include a third heading covering governance expenditure.

# Notes to the Accounts

<b>10 Investment income</b>	<b>2013/14</b>	<b>2014/15</b>
	<b>£000</b>	<b>£000</b>
Income from fixed interest securities	10,911	4,857
Dividends from equities	84,814	88,527
Unquoted private equity and infrastructure	9,472	7,924
Income from pooled investment vehicles	960	861
Gross rents from properties	19,022	18,754
Interest on cash deposits	617	1,130
Stock lending and sundries	1,345	2,461
	<b>127,141</b>	<b>124,514</b>
Irrecoverable withholding tax	(2,615)	(2,110)
	<b>124,526</b>	<b>122,404</b>

<b>11 Net investment assets</b>	<b>31 March</b>	<b>31 March</b>
	<b>2014</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Fixed interest securities	318,215	414,330
Equities	2,866,444	3,267,975
Pooled investment vehicles	598,687	633,040
Properties	270,753	316,169
Derivatives		
Futures	304	-
Forward foreign exchange	9,977	29,879
	<b>10,281</b>	<b>29,879</b>
<b>Cash deposits</b>		
Margin balances	894	-
Deposits	257,749	400,497
	<b>258,643</b>	<b>400,497</b>
<b>Other investment assets</b>		
Due from broker	12,553	4,585
Dividends and other income due	14,067	11,157
	<b>26,620</b>	<b>15,742</b>
<b>Total investment assets</b>	<b>4,349,643</b>	<b>5,077,632</b>
<b>Investment liabilities</b>		
Derivatives		
Futures	(91)	-
Forward foreign exchange	(268)	(79)
	<b>(359)</b>	<b>(79)</b>
Other financial liabilities - due to broker	(5,974)	(4,969)
<b>Total investment liabilities</b>	<b>(6,333)</b>	<b>(5,048)</b>
<b>Net investment assets</b>	<b>4,343,310</b>	<b>5,072,584</b>

# Notes to the Accounts

## 12a Reconciliation of movement in investments and derivatives

	Market value at 31 March 2014 £000	Purchases at cost and derivative payments £000	Sale and derivative receipts £000	Change in market value £000	Market value at 31 March 2015 £000
Fixed interest	318,215	325,346	(313,907)	84,676	414,330
Equities	2,866,444	878,347	(860,763)	383,947	3,267,975
Pooled investment vehicles	598,687	76,731	(103,020)	60,642	633,040
Property	270,753	11,375	(2,143)	36,184	316,169
Derivatives - futures	213	(99)	(521)	407	-
Derivatives - fwd foreign exchange	9,709	3,281	(28,068)	44,878	29,800
	4,064,021	1,294,981	(1,308,422)	610,734	4,661,314
<b>Other financial assets / liabilities</b>					
Margin balances	894			-	-
Cash deposits	257,749			3,190	400,497
Broker balances	6,579			17	(384)
Dividends due etc	14,067			-	11,157
	279,289			3,207	411,270
<b>Net financial assets</b>	4,343,310			613,941	5,072,584

	Market value at 31 March 2013 £000	Purchases at cost and derivative payments £000	Sale and derivative receipts £000	Change in market value £000	Market value at 31 March 2014 £000
Fixed interest	326,829	142,683	(136,047)	(15,250)	318,215
Equities	2,718,320	1,826,082	(1,796,521)	118,563	2,866,444
Pooled investment vehicles	582,535	65,326	(68,717)	19,543	598,687
Property	251,480	9,160	(15,822)	25,935	270,753
Derivatives - futures	445	1,007,496	(1,007,306)	(422)	213
Derivatives - fwd foreign exchange	(17,582)	30,266	(33,753)	30,778	9,709
	3,862,027	3,081,013	(3,058,166)	179,147	4,064,021
<b>Other financial assets / liabilities</b>					
Margin balances	1,769			-	894
Cash deposits	187,608			(7,713)	257,749
Broker balances	(547)			6	6,579
Dividends due etc	11,039			-	14,067
	199,869			(7,707)	279,289
<b>Net financial assets</b>	4,061,896			171,440	4,343,310

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

Any indirect costs incurred through the bid-offer spread on some pooled investment vehicles are reflected in the cost of investment acquisitions and in the proceeds from sales and are therefore included in the tables above.

# Notes to the Accounts

## 12b Analysis of investments (at market value)

	Region	31 March 2014 £000	31 March 2015 £000
<b>Fixed interest securities</b>			
Public sector fixed interest quoted	UK	2,560	-
Public sector index linked gilts quoted	UK	144,621	288,651
Corporate quoted	UK	65,908	-
Public sector quoted	Overseas	9,542	125,679
Commercial quoted	Overseas	95,584	-
		<b>318,215</b>	<b>414,330</b>
<b>Equities</b>			
Quoted	UK	583,053	609,702
Quoted	Overseas	2,283,391	2,658,273
		<b>2,866,444</b>	<b>3,267,975</b>
<b>Pooled investment vehicles</b>			
Private equity, infrastructure and timber funds	UK	137,191	127,587
Private equity, infrastructure and timber funds	Overseas	389,990	436,583
Property funds	UK	55,319	55,035
Other funds	UK	16,187	13,835
		<b>598,687</b>	<b>633,040</b>
<b>Properties</b>			
Direct property	UK	<b>270,753</b>	<b>316,169</b>

## Derivatives - futures

Contract type	Contract expires	Economic exposure £000	Market value at			
			31 March 2014 £000	31 March 2015 £000		
<b>Assets</b>						
	UK Fixed Income	< 1 year	14,458	111	-	-
	Overseas Fixed Income	< 1 year	(28,605)	193	-	-
				304		-
<b>Liabilities</b>						
	UK Fixed Income	< 1 year	-	-	-	-
	Overseas Fixed Income	< 1 year	23,247	(91)	-	-
				(91)		-
<b>Net asset</b>				<b>213</b>		<b>-</b>

The economic exposure represents the notional value of securities purchased under the futures contract and therefore the value subject to market movements. All futures contracts are exchange traded. The Fund uses futures for the purposes of efficient portfolio management and/or risk reduction. The Fund's bond manager had its contract cancelled during the year and were the only manager to transact futures.

# Notes to the Accounts

## Derivatives - forward foreign exchange

### Summary of contracts held at 31 March 2015

Contract settlement within	Currency bought	Currency sold	Local	Local	Asset value	Liability value
			currency bought	currency sold		
			£000	£000	£000	£000
Up to one month	GBP	AUD	87,717	(161,873)	4,465	-
Up to one month	GBP	CAD	75,153	(134,989)	3,359	-
Up to one month	GBP	EUR	262,607	(333,283)	21,427	-
Up to one month	MXN	USD	599	(39)	-	-
One to six months	AUD	USD	1,327	(1,096)	-	(59)
One to six months	USD	AUD	3,296	(3,687)	331	-
One to six months	USD	CHF	18,487	(17,431)	297	(20)
Open forward currency contracts at 31 March 2015					29,879	(79)
<b>Net forward currency contracts at 31 March 2015</b>						<b>29,800</b>

### Prior year comparative

Open forward currency contracts at 31 March 2014					9,977	(268)
<b>Net forward currency contracts at 31 March 2014</b>						<b>9,709</b>

The above table summarises the contracts held by maturity date, all contracts are traded on an over the counter basis.

In order to maintain appropriate diversification of investments in the portfolio and take advantage of wider opportunities, the Lothian Pension Fund invests over half of the fund in overseas markets. A currency hedging programme, using forward foreign exchange contracts, has been put in place to reduce the extent to which the Fund is exposed to certain currency movements.

## 12c Investment managers and mandates

Manager	Mandate	Market	% of total	Market	% of total
		value at 31 March 2014	31 March 2014	value at 31 March 2015	31 March 2015
		£000	%	£000	%
In-house	UK all cap equities	100,415	2.3	101,918	2.0
In-house	UK mid cap equities	100,553	2.3	103,346	2.0
Total UK equities		200,968	4.6	205,264	4.0
In-house	European ex UK equities	98,404	2.3	102,665	2.0
In-house	US equities	98,265	2.3	118,528	2.3
Baillie Gifford	Pacific equities	152,847	3.5	-	-
Invesco	Pacific equities	140,806	3.2	-	-
Mondrian	Emerging markets	92,455	2.1	104,048	2.1
UBS	Emerging markets	91,186	2.1	121,954	2.4
Total regional overseas equities		673,963	15.5	447,195	8.8

# Notes to the Accounts

## 12c Investment managers and mandates (cont)

Manager	Mandate	Market value at	% of total	Market value at	% of total
		31 March 2014	31 March 2014	31 March 2015	31 March 2015
		£000	%	£000	%
In-house	Global high dividend	642,862	14.8	675,666	13.3
In-house	Global low volatility	744,406	17.1	886,891	17.5
In-house	Global value	-	-	333,310	6.6
Cantillon	Global equities	238,423	5.5	265,575	5.2
Harris	Global equities	175,955	4.1	205,125	4.0
Nordea	Global equities	163,920	3.8	203,667	4.0
Total global equities		1,965,566	45.3	2,570,234	50.7
In-house	Currency hedge	8,771	0.2	29,251	0.6
Total currency overlay		8,771	0.2	29,251	0.6
Total listed equities		2,849,268	65.6	3,251,944	64.1
In-house	Private equity unquoted	190,787	4.4	186,536	3.7
In-house	Private equity quoted	51,480	1.2	57,866	1.1
Total private equity		242,267	5.6	244,402	4.8
Total equities		3,091,535	71.2	3,496,346	68.9
In-house	Index linked gilts	152,699	3.5	296,300	5.8
In-house	Gold	15,412	0.4	15,897	0.3
Total inflation linked bonds and gold		168,111	3.9	312,197	6.2
In-house	Property	59,218	1.4	47,241	0.9
Standard Life	Property	322,037	7.4	382,694	7.5
Total property		381,255	8.8	429,935	8.5
In-house	Infrastructure unquoted	251,116	5.8	251,099	5.0
In-house	Infrastructure quoted	25,531	0.6	29,932	0.6
In-house	Timber	51,666	1.2	101,826	2.0
Total other real assets		328,313	7.6	382,857	7.5
In-house	Secured loans	17,520	0.4	13,927	0.3
In-house	Treasury bills	-	-	129,614	2.6
Rogge	Corporate bonds	184,569	4.2	-	-
Total other bonds		202,089	4.6	143,541	2.8
In-house	Cash	171,892	3.9	294,537	5.8
In-house	Transition	115	-	13,171	0.3
Total cash and sundries		172,007	3.9	307,708	6.1
Net financial assets		4,343,310	100.0	5,072,584	100.0

# Notes to the Accounts

## 12d Investments representing more than 5% of the net assets of the Fund or 5% of any investment class

	Market value at 31 March 2014	% of class 2014	Market value at 31 March 2015	% of class 2015
	£000	%	£000	%
<b>Fixed interest</b>				
US Treasury Bill 1.25% 31/10/19	-	-	68,626	16.6
US Treasury Bill 1% 30/11/19	-	-	57,054	13.8
UK Gov 1.125% Index Linked 22/11/37	19,450	6.1	23,300	5.6
UK Gov 0.5% Index Linked 22/03/50	-	-	21,458	5.2
<b>Pooled funds</b>				
Stafford Elm Inc	35,169	5.9	42,650	6.5
RREEF Pan European Infrastructure Fund	30,638	5.1	31,345	4.8
Macquarie European Infrastructure Fund	33,204	5.5	28,003	4.3
<b>Property</b>				
London, 119-125 Wardour St	20,800	7.7	24,750	7.8
Martlesham Heath, Retail Park	20,500	7.6	24,375	7.7
Sheffield, Bochum Parkway	18,250	6.7	19,600	6.2
London, 100 St John Street	16,450	6.1	20,600	6.5
Exeter, David Lloyd Leisure	14,850	5.5	17,575	5.6
Exeter, Bishops Court	14,675	5.4	15,650	4.9

Over the last two years no single investment represented more than 5% of the net assets of the Fund.

## 12e Securities lending

During the year Lothian Pension Fund participated in a securities lending arrangement with the Northern Trust Company. As at 31 March 2015, £92.1m (2014 £120.9m) of securities were released to third parties. Collateral valued at 107.1% (2014 107.4%) of the market value of the securities on loan was held at that date.

## 12f Property holdings

	2013/14	2014/15
	£000	£000
<b>Opening balance</b>	251,480	270,753
Additions	9,160	11,375
Disposals	(15,822)	(2,143)
Net change in market value	25,935	36,184
<b>Closing balance</b>	270,753	316,169

As at 31 March 2015, there were no restrictions on the realisability of the property or the remittance of income or sale proceeds. The Fund is not under any contractual obligations to purchase, construct or develop any of these properties. However, the Fund does have the responsibility of repairs and maintenance on any properties that are unlet.

The future minimum lease payments receivable by the Fund are as follows

	2013/14	2014/15
	£000	£000
Within one year	18,660	19,140
Between one and five years	68,431	65,238
Later than five years	116,384	103,665
	203,475	188,043

# Notes to the Accounts

## 13 Financial Instruments

### 13a Classification of financial instruments

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the fair value amounts of financial assets and liabilities by category and net assets statement heading. No financial assets were reclassified during the accounting period.

All financial instruments are marked to market (at fair value) in the Fund's accounting records hence there is no difference between the carrying value and fair value.

	31 March 2014			31 March 2015		
	Designated as fair value through fund account	Loans and receivables	Financial liabilities at amortised cost	Designated as fair value through fund account	Loans and receivables	Financial liabilities at amortised cost
	£000	£000	£000	£000	£000	£000
<b>Financial assets</b>						
<b>Investment assets</b>						
Fixed interest	318,215	-	-	414,330	-	-
Equities	2,866,444	-	-	3,267,975	-	-
Pooled investments	598,687	-	-	633,040	-	-
Property leases	10,706	-	-	9,497	-	-
Derivative contracts	10,281	-	-	29,879	-	-
Margin balances	-	894	-	-	-	-
Cash	-	257,749	-	-	400,497	-
Other balances	-	26,620	-	-	15,742	-
	3,804,333	285,263	-	4,354,721	416,239	-
<b>Other assets</b>						
City of Edinburgh Council	-	4,950	-	-	6,352	-
Cash	-	31,734	-	-	36,350	-
Debtors	-	14,155	-	-	9,769	-
	-	50,839	-	-	52,471	-
Assets total	3,804,333	336,102	-	4,354,721	468,710	-
<b>Financial liabilities</b>						
<b>Investment liabilities</b>						
Derivative contracts	(359)	-	-	(78)	-	-
Other investment balances	(5,974)	-	-	(4,970)	-	-
	(6,333)	-	-	(5,048)	-	-
<b>Other liabilities</b>						
Creditors	-	-	(17,010)	-	-	(19,188)
<b>Liabilities total</b>	(6,333)	-	(17,010)	(5,048)	-	(19,188)
<b>Net assets total</b>	3,798,000	336,102	(17,010)	4,349,673	468,710	(19,188)
<b>Total net financial instruments</b>			4,117,092			4,799,195
Amounts not classified as financial instruments			260,444			307,037
<b>Total net assets</b>			4,377,536			5,106,232



# Notes to the Accounts

## 13b Net gains and losses on financial instruments

	2013/14	2014/15
	£000	£000
Designated as fair value through fund account	153,378	571,760
Loans and receivables	(7,707)	3,207
Financial liabilities at amortised cost	-	-
<b>Total</b>	<b>145,671</b>	<b>574,967</b>
Gains and losses on directly held freehold property	25,769	38,974
<b>Change in market value of investments per fund account</b>	<b>171,440</b>	<b>613,941</b>

## 13c Valuation of financial instruments carried at fair value

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values.

### Level 1

Financial instruments at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities and unit trusts.

Quoted investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

### Level 2

Financial instruments at Level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

### Level 3

Financial instruments at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include unquoted equity investments, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The values of the investments in unquoted private equity, infrastructure, timber and European real estate are based on valuations provided by the general partners to the funds in which the Fund has invested.

These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines or similar guidelines provided by the British Venture Capital Association, which follow the valuation principles of International Financial Reporting Standards (IFRS). The valuations are typically undertaken annually at the end of December. Cash flow adjustments are used to roll forward the valuations to 31 March as appropriate.

The following table provides an analysis of the financial assets and liabilities of the Fund grouped into Levels 1 to 3, based on the level at which the fair value is observable.

# Notes to the Accounts

	31 March 2015			
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
<b>Financial assets</b>				
Designated as fair value through fund account	3,344,192	414,330	596,199	4,354,721
Loans and receivables	468,710	-	-	468,710
<b>Total financial assets</b>	<b>3,812,902</b>	<b>414,330</b>	<b>596,199</b>	<b>4,823,431</b>
<b>Financial liabilities</b>				
Designated as fair value through fund account	(5,048)	-	-	(5,048)
Financial liabilities at amortised cost	(19,188)	-	-	(19,188)
<b>Total financial liabilities</b>	<b>(24,236)</b>	<b>-</b>	<b>-</b>	<b>(24,236)</b>
<b>Net financial assets</b>	<b>3,788,666</b>	<b>414,330</b>	<b>596,199</b>	<b>4,799,195</b>

	31 March 2014			
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
<b>Financial assets</b>				
Designated as fair value through fund account	2,922,624	318,215	563,494	3,804,333
Loans and Receivables	336,102	-	-	336,102
<b>Total financial assets</b>	<b>3,258,726</b>	<b>318,215</b>	<b>563,494</b>	<b>4,140,435</b>
<b>Financial liabilities</b>				
Designated as fair value through fund account	(6,333)	-	-	(6,333)
Financial Liabilities at amortised cost	(17,010)	-	-	(17,010)
<b>Total financial liabilities</b>	<b>(23,343)</b>	<b>-</b>	<b>-</b>	<b>(23,343)</b>
<b>Net financial assets</b>	<b>3,235,383</b>	<b>318,215</b>	<b>563,494</b>	<b>4,117,092</b>

## 14 Nature and extent of risk arising from financial instruments

### Risk and risk management

The Fund's primary aim is to ensure that all members and their dependants receive their benefits when they become payable. The investment strategy aims to maximise the returns from investments within reasonable risk parameters and hence minimise the long-term cost to employers. The Fund achieves this by investing in a diverse range of assets to reduce risk to an acceptable level. In addition, the Fund ensures that sufficient cash is available to meet all liabilities when they are due to be paid.

Responsibility for the Fund's overall investment strategy rests with the Pensions Committee. The Investment Strategy Panel and the internal investment team monitor investment risks on a regular basis. Investment risk management tools are used to identify and analyse risks faced by the Fund's investments.

Consideration of the Fund's investment risk is part of the overall risk management of the pensions operations. Risks are reviewed regularly to reflect changes in activity and market conditions.

# Notes to the Accounts

## Types of investment risk

There are various ways of considering investment risks for pension funds. For the purposes of this note, market risk is the potential for an investor to experience losses from falls in the prices of investments. All financial instruments, including cash deposits, present a risk of loss of capital and risks vary depending on different asset classes.

Market risk also changes over time as economic conditions and investor sentiment change. The Fund considers overall fluctuations in prices arising from a variety of sources: market risk, foreign exchange risk, interest rate risk, credit risk, etc. The different risks may, to some extent, offset each other.

The overall market risk of the Fund depends on the actual mix of assets and encompasses all the different elements of risk.

The Fund manages these risks in a number of ways:

- assessing and establishing acceptable levels of market risk when setting overall investment strategy. Importantly, risk is considered relative to the liabilities of the Fund
- diversification of investments in terms of type of asset, investment styles, investment managers, geographical and industry sectors as well as individual securities
- taking stewardship responsibilities seriously and pursuing constructive engagement with the companies in which we invest
- monitoring market risk and market conditions to ensure risk remains within tolerable levels
- using equity futures contracts from time to time to manage market risk. Exchange traded options are not used by the Fund.

## Sensitivity analysis

Asset prices have a tendency to fluctuate. The degree of such fluctuation is known as “volatility” and it differs by asset class. The table sets out the long-term volatility assumptions used in the Fund’s asset-liability modelling undertaken by the Fund’s investment adviser KPMG:

Asset type	Potential price movement (+ or -)
Equities - Developed Markets	20.0%
Equities - Emerging Markets	30.0%
Private Equity	30.0%
Timber and Gold	30.0%
Secured Loans	10.0%
Corporate Bonds	11.0%
Fixed Interest Gilts	10.5%
Index-Linked Gilts	8.5%
Infrastructure	8.0%
Property	13.0%
Cash	1.5%

Volatility is the standard deviation of annual returns. Broadly speaking, in two years out of three, the asset’s change in value (which could be a gain or a loss) is expected to be lower than the volatility figure, but in one year out of three, the change in value is expected to be higher than the volatility figure.

Asset classes do not always move in line with each other. The extent to which assets move together is known as their “correlation”. A lower correlation means that there is less risk of assets losing value at the same time.

## Notes to the Accounts

The overall Fund benefits from “diversification” because it invests in different asset classes, which don’t all move in line with each other. Consequently, the aggregate risk at the Fund level is less than the total risk from all the individual assets in which the Fund invests. The following table shows the risks at the asset class level and the overall Fund level, with and without allowance for correlation.

Asset type	Value at		Potential	Value on	Value on
	31 March		Change	increase	decrease
	2015	% of fund	+ / -		
	£m	%	%	£m	£m
Equities - Developed Markets	2,997	59.1	20.0	3,596	2,398
Equities - Emerging Markets	226	4.5	30.0	294	158
Private Equity	244	4.8	30.0	317	171
Timber and Gold	118	2.3	30.0	153	83
Secured Loans	14	0.3	10.0	15	13
Fixed Interest Gilts	130	2.6	10.5	144	116
Index-Linked Gilts	296	5.8	8.5	321	271
Infrastructure	281	5.5	8.0	303	259
Property	430	8.5	13.0	486	374
Cash and forward foreign exchange	337	6.6	1.5	342	332
Total [1]	5,073	100.0	17.7	5,971	4,175
Total [2]			15.0	5,834	4,312
Total [3]			14.5	5,809	4,337

[1] No allowance for correlations between assets

[2] Including allowance for correlations between assets

[3] Including allowance for correlation between assets and liabilities.

The value on increase/decrease columns illustrate the monetary effect of the percentage change in the volatility column. The actual annual change in value is expected to be lower than this in two years out of three, but higher in one year out of three.

It can be seen that the risk to the overall Fund assets [2] is lower than the total of the risks to the individual assets.

However, because the purpose of a pension scheme is to make payments to scheme beneficiaries, the true risk of a pension scheme is not measured in absolute terms, but relative to its liabilities [3]. The risk is lower than the absolute asset risk, due to the impact of correlation with the discount rate used to value the liabilities.

This risk analysis incorporates volatility from market, interest rate, foreign exchange, credit, and all other sources of risk, and, importantly, makes allowance for how these risks may offset each other.

### Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit risk in their pricing and consequently the risk of loss is implicitly provided for in the value of the Fund's assets and liabilities (as outlined in Market Risk above).

In essence, the Fund’s entire investment portfolio is exposed to some sort of credit risk. However, through the selection of counterparties, brokers and financial institutions the Fund reduces the credit risk that may occur through the failure to settle a transaction in a timely manner.

# Notes to the Accounts

Cash deposits, derivatives and securities lending are the major areas of credit exposure where credit risk is not reflected in market prices.

## Cash deposits

At 31 March 2015, cash deposits represented £436.8m, 8.6% of total net assets. This was held with the following institutions:

	Moody's Credit Rating at 31 March 2015	Balances at 31 March 2014 £000	Balances at 31 March 2015 £000
<b>Held for investment purposes</b>			
Northern Trust Global Investment Limited - liquidity funds	Aaa	45,480	100,507
Northern Trust Company - cash deposits	A1	80,765	76,374
The City of Edinburgh Council - treasury management	See below	131,504	223,616
<b>Total investment cash</b>		<b>257,749</b>	<b>400,497</b>
<b>Held for other purposes</b>			
The City of Edinburgh Council - treasury management	See below	31,734	36,350
<b>Total cash</b>		<b>289,483</b>	<b>436,847</b>

The majority of Sterling cash deposits of the Fund are managed along with those of the administering authority (the City of Edinburgh Council) and other related organisations which are pooled for investment purposes as a treasury cash fund. Management of the cash fund is on a low risk basis, with security of the investments the key consideration. The Council has in place counterparty criteria.

	Moody's Credit Rating at 31 March 2015	Balances at 31 March 2014 £000	Balances at 31 March 2015 £000
<b>Money market funds</b>			
Deutsche Bank AG, London	Aaa	21,502	38,167
Goldman Sachs	Aaa	12,037	38,123
<b>Bank call accounts</b>			
Bank of Scotland	A1	14,852	24,567
Royal Bank of Scotland	Baa1	5,600	3,448
Santander UK	A2	15,363	23,840
Barclays Bank	A2	14,983	24,894
Svenska Handelsbanken	Aa3	23,089	38,765
HSBC Bank	Aa3	22,274	37,927
Commonwealth Bank of Australia	Aa2	-	10,079
<b>Floating rate note</b>			
Rabobank	Aa2	-	6,720
<b>Building society fixed term deposits</b>			
Nationwide Building Society	A2	7,431	6,719
<b>UK Pseudo-Sovereign risk instruments</b>			
Other Local Authorities	n/a	18,679	-
UK Government Treasury Bills	Aa1	7,428	6,717
		<b>163,238</b>	<b>259,966</b>

# Notes to the Accounts

No breaches of the Council's counterparty criteria occurred during the reporting period and the Fund does not expect any losses from non-performance by any of its counterparties in relation to deposits.

## Securities lending

The Fund participates in a securities lending programme as described above. The Fund is potentially exposed to credit risk in the event of the borrower of securities defaults. This risk is mitigated by the contractual commitment that borrowers provide collateral in excess of 100% of the value of the securities borrowed. In addition, Northern Trust has signed an agreement requiring it to make good any losses arising from the lending programme.

## Derivatives

The Fund transacts foreign currency derivatives over-the-counter and hence is exposed to credit risk in the event of a counterparty defaulting on the net payment or receipt that remains outstanding. This risk is minimised by the use of counterparties that are recognised financial intermediaries with acceptable credit ratings and by netting agreements. At 31 March 2015, the Fund was due £29.9m and owed £0.1m on over-the-counter foreign currency derivatives.

## Liquidity risk

Liquidity risk reflects the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund therefore ensures that there is adequate cash and liquid resources to meet its commitments. Cash flow projections are prepared on a regular basis to understand and manage the timing of the Fund's cash flows.

The majority (estimated to be approximately 85%) of the Fund's investments could be converted to cash within three months in a normal trading environment.

## Refinancing risk

Refinancing risk is the risk that the Fund will be bound to replenish a significant proportion of its pension fund financial instruments at a time of unfavourable interest rates. The Fund is not bound by any obligation to replenish its investments and hence is not exposed to refinancing risk.

## 15 Actuarial statement

The Scheme Actuary has provided a statement describing the funding arrangements of the Fund. This can be found at the end of this section.

## 16 Actuarial present value of promised retirement benefits

The actuarial value of promised retirement benefits at the accounting date, calculated in line with International Accounting Standard 19 (IAS19) assumptions, is estimated to be £6,663m (2014 £5,483m). This figure is used for statutory accounting purposes by Lothian Pension Fund and complies with the requirements of IAS26. The assumptions underlying the figure match those adopted for the Administering Authority's FRS17/IAS19 reports at each year end.

The figure is only prepared for the purposes of IAS26 and has no validity in other circumstances. In particular, it is not relevant for calculations undertaken for funding purposes and setting contributions payable to the Fund.

Financial assumptions	31 March	31 March
	2014	2015
	% p.a.	% p.a.
Inflation / pensions increase rate	2.8	2.4
Salary increase rate*	5.1	4.3
Discount rate	4.3	3.2

\*Salary increases were estimated at 1% p.a. nominal until 31 March 2015 reverting to the long term rate thereafter.

# Notes to the Accounts

## Longevity assumptions

The life expectancy assumption is based on Fund specific statistical analysis with improvements in line with the CMI 2012 model, assuming that the current rate of improvements has reached a peak and will converge to a long term rate of 1.25% p.a.. Based on these assumptions, the average future life expectancies, in years, at age 65 are summarised below:

	Males	Females
Current pensioners	22.1 years	23.7 years
Future pensioners (assumed to be currently 45)	24.2 years	26.3 years

These assumptions have changed since the previous IAS26 disclosure of the Fund.

## Commutation assumption

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2009 service and 75% of the maximum tax-free cash for post-April 2009 service.

## 17 Debtors

	31 March 2014 £000	31 March 2015 £000
Contributions due - employers	8,773	7,373
Contributions due - members	1,900	1,995
Benefits paid in advance or recoverable	16	-
Sundry debtors	325	160
VAT	-	-
Prepayments	272	241
	11,286	9,769

### Analysis of debtors

Administering Authority	1,993	305
Other Scheduled Bodies	6,794	6,671
Community Admission Bodies	1,964	2,624
Transferee Admission Bodies	99	27
Other Local Authorities	9	7
Central Government Bodies	-	-
Other entities and individuals	427	135
	11,286	9,769

## 18 Creditors

	31 March 2014 £000	31 March 2015 £000
Benefits payable	4,662	3,793
VAT and State Scheme premiums	1,331	1,210
Contributions in advance	8,275	11,899
Miscellaneous creditors and accrued expenses	2,698	2,137
Office - operating lease	44	149
	17,010	19,188

# Notes to the Accounts

## Analysis of creditors

	2014 £000	2015 £000
Administering Authority	-	63
Other Scheduled Bodies	8,237	11,890
Community Admission Bodies	38	-
Central Government Bodies	1,331	1,247
Other entities and individuals	7,404	5,988
	17,010	19,188

## 19 Additional Voluntary Contributions

Active members of the Lothian Pension Fund have the option to pay additional voluntary contributions (AVCs). These AVCs are invested separately from the main funds, securing additional benefits on a money purchase basis for those members that have elected to contribute. The investment of the AVCs is managed by Standard Life and Prudential.

In accordance with regulation 4 (2) (b) of the Local Government Pension Scheme (Management and Investment of Funds) (Scotland) Regulations 2010, AVCs are not included in the pension fund financial statements.

### Total contributions during year for Lothian Pension fund

	2013/14 £000	2014/15 £000
Standard Life	441	404
Prudential	1,163	1,369
	1,604	1,773

### Total value at year end for both Lothian Pension Fund

	31 March 2014 £000	31 March 2015 £000
Standard Life	6,105	6,342
Prudential	2,051	3,158
	8,156	9,500

## 20 Related party transactions

### The City of Edinburgh Council

The Lothian Pension Fund, the Lothian Buses Pension Fund and the Scottish Homes Pension Fund are administered by the City of Edinburgh Council. Consequently there is a strong relationship between the Council and the Pension Funds.

The Investment and Pensions Division of the Council is responsible for administering the three Pension Funds. The Division receives an allocation of the overheads of the Council, based on the amount of central services consumed. In turn, the Division allocates its costs to the three Pension Funds. Costs directly attributable to a specific Fund are charged to the relevant Fund; costs that are common to all three Funds are allocated on a defined basis.

The Council is also the single largest employer of members of the Fund and contributed £55.8m to the Fund during the year (2014 £56.5m).



# Notes to the Accounts

Transactions between the Council and the Fund are managed via a holding account. Each month the Fund is paid a cash sum leaving a working balance in the account to cover the month's pension payroll costs and other expected costs.

Year end balance on holding account	31 March	31 March
	2014	2015
	£000	£000
	7,819	6,352

Part of the Fund's cash holdings are invested on the money markets by the treasury management operations of the Council, through a service level agreement. During the year to 31 March 2015, the fund had an average investment balance of £204.1m (2014 £115.2m). Interest earned was £950.3k (2014 £603.7k).

Year end balance on treasury management account	31 March	31 March
	2014	2015
	£000	£000
Held for investment purposes	131,504	223,616
Held for other purposes	31,734	36,350
	163,238	259,966

## Office accommodation - 144 Morrison Street, Edinburgh

Investment and Pensions Division of the Council has entered into an internal agreement with the Council for the provision of office accommodation at 144 Morrison Street in Edinburgh. The terms of the agreement are equivalent to those that would have been obtained had the accommodation been let on a commercial basis. In the accounts of the Fund the arrangement has been treated as a operational lease. The agreement was effective from November 2013. The Investment and Pensions Division is committed to making the following future payments.

	31 March	31 March
	2014	2015
	£000	£000
Within one year	-	-
Between one and five years	157	272
After five years	1,222	1,107
	1,379	1,379
Recognised as an expense during the year	33	91

The above expense has been allocated across the three Funds, Lothian Pension Fund's share is £83.8k.

## Governance

As at 31 March 2015, all members of the Pensions Committee, with the exception of Councillor Bill Cook, were active members of the Lothian Pension Fund.

Each member of the Pensions Committee is required to declare any financial and non-financial interests they have in the items of business for consideration at each meeting, identifying the relevant agenda item and the nature of their interest.

# Notes to the Accounts

## Key management personnel

During the period from 1 April 2014 to the date of issuing of these accounts, a number of employees of the City of Edinburgh Council and its wholly owned subsidiary, LPFE Limited, held key positions in the financial management of the Lothian Pension Fund. With effect from 1 May 2015, all the employees listed below, with the exception of the Director of Corporate Governance, were employed by LPFE Limited. These employees and their financial relationship with the Fund (expressed as cash-equivalent transfer values or CETV) are set out below:

Name	Position held	Accrued CETV	Accrued CETV
		as at 31 March 2014 £000	as at 31 March 2015 £000
Alastair Maclean*	Director of Corporate Governance	115	141
Clare Scott	Investment and Pensions Service Manager	126	147
Struan Fairbairn	Legal and Risk Manager	9	19
John Burns	Pensions and Accounting Manager	386	426
Esmond Hamilton	Financial Controller	119	138
Bruce Miller	Investment Manager	112	139

\* Also disclosed in the financial statements of the City of Edinburgh Council.

## 21 Contingent liabilities and contractual commitments

The Fund has commitments relating to outstanding call payments due on unquoted funds held in the private equity, timber, property and infrastructure parts of the portfolio. The amounts 'called' by these funds are irregular in both size and timing, taking place over a period of years from the date of each original commitment. The outstanding commitments at the year end are as follows:

	31 March 2014 £000	31 March 2015 £000
Outstanding investment commitments	109,692	146,403

As disclosed in note 20 on related party transactions the Investment and Pensions Division has a commitment to make future payments equivalent to rent in respect office accommodation at 144 Morrison Street. Details of the future payments are provided in that note.

## 22 Contingent assets

There were no contingent assets at the year end.

## 23 Impairment losses

During the year the Fund recognised a decrease in impairment losses in respect of specific benefit over payments for which reimbursement has been requested of £8k. This decreased the impairment to £31.9k at the year end.

# Lothian Pension Fund (“the Fund”)

## Actuarial Statement for 2014/15

This statement has been prepared in accordance with Regulation 31A(1)(d) of the Local Government Pension Scheme (Scotland) (Administration) Regulations 2008, and Chapter 6 of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the UK 2014/15. It has been prepared at the request of the Administering Authority of the Fund for the purpose of complying with the aforementioned regulation.

### Description of Funding Policy

The funding policy is set out in the Administering Authority’s Funding Strategy Statement (FSS), dated March 2015. In summary, the key funding principles are as follows:

- to ensure the long-term solvency of the overall Fund
- to ensure the solvency of each individual employers’ share of the Fund based on their expected term of participation in the Fund;
- to minimise the degree of short-term change in employer contribution rates;
- maximise the returns from investments within reasonable and considered risk parameters, and hence minimise the cost to the employer;
- to ensure that sufficient cash is available to meet all liabilities as they fall due for payment;
- to help employers manage their pension liabilities; and
- where practical and cost effective, to make allowance for the different characteristics of different employers and groups of employers.

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable.

### Funding Position as at the last formal funding valuation

The most recent actuarial valuation carried out under Regulation 32 of the Local Government Pension Scheme (Scotland) (Administration) Regulations 2008 was as at 31 March 2014. This valuation revealed that the Fund’s assets, which at 31 March 2014 were valued at £4,379 million, were sufficient to meet 91% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting deficit at the 2014 valuation was £417 million.

Individual employers’ contributions for the period 1 April 2015 to 31 March 2018 were set in accordance with the Fund’s funding policy as set out in its FSS.

### Principal Actuarial Assumptions and Method used to value the liabilities

Full details of the methods and assumptions used are described in the valuation report dated 31 March 2015.

#### Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date, and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

#### Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial assumptions adopted for the 2014 valuation were as follows:

Financial Assumption	31 March 2014	
	% p.a. Nominal	% p.a. Nominal
Discount rate	5.00%	2.30%
Pay increases*	5.00%	2.30%
Price inflation/Pension increases	2.70%	-

\*2% p.a. for 2014/15 and 2015/16, reverting to 5.0% p.a. thereafter.

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI\_2012 model, assuming the current rate of improvements has reached a peak and will converge to long term rate of 1.25% p.a.. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	22.1 years	23.7 years
Future Pensioners*	24.2 years	26.3 years

\*Future pensioners are assumed to be aged 45 at the 2014 valuation

Copies of the 2014 valuation report and Funding Strategy Statement are available on request from The City of Edinburgh Council, the Administering Authority to the Fund.

### Experience over the period since April 2014

The administering authority monitors the funding position on a regular basis as part of its risk management programme. The most recent funding update as at 31 March 2015 revealed that the Fund's assets were sufficient to meet 84% of the past service liabilities. The decrease in the funding level was largely as a result of a decrease in real bond yields and the subsequent reduction in the net discount rate, which places a higher value on the Fund's liabilities. The resulting deficit as at 31 March 2015 was £973 million.

The next actuarial valuation will be carried out as at 31 March 2017. The Funding Strategy Statement will also be reviewed at that time.

**Richard Warden FFA**

**Fellow of the Institute and Faculty of Actuaries**

**For and on behalf of Hymans Robertson LLP**

**1 June 2015**

**List of active employers at 31 March 2015**

Employer	Type
Almond Housing Association Ltd	CAB
Barony Housing Association Ltd	CAB
Baxter Storey	TAB
Broomhouse Centre Representative Council	CAB
Convention of Scottish Local Authorities	CAB
Canongate Youth Project	CAB
Capital City Partnership	CAB
Children's Hearing Scotland	CAB
Children's Hospice Association Scotland	CAB
Citadel Youth Centre	CAB
City of Edinburgh Council (The)	SB
Audit Scotland	CAB
Compass Chartwell	TAB
Link In	CAB
Dawn Group Ltd	TAB
Dean Orphanage and Cauvin's Trust	CAB
Donaldson's Trust	CAB
Scottish Water	SB
East Lothian Council	SB
Four Square (Scotland)	CAB
Edinburgh Business School	CAB
University of Edinburgh (Edin College of Art)	CAB
Edinburgh Cyrenians Trust	CAB
EDI Group Ltd	CAB
Edinburgh International Festival Society	CAB
Festival City Theatres Trust	CAB
Edinburgh Woman's Rape & Sexual Abuse Centre	CAB
Streetwork UK Ltd	CAB
Edinburgh World Heritage Trust	CAB
Edinburgh College	SB
Edinburgh Leisure	CAB
ELCAP	CAB
Enjoy East Lothian	CAB
Family Advice and Information Resource	CAB
Family & Community Development West Lothian	CAB
Scottish Fire and Rescue Service	SB
First Step	CAB
Forth and Oban Ltd	TAB
Forth Estuary Transport Authority	SB
Freespace Housing Association	CAB
Pilton Community Health Project	CAB
Granton Information Centre	CAB
HWU Students Association	CAB
Handicabs (Lothian) Ltd	CAB
Hanover (Scotland) Housing Association	CAB
BAM Construction Ltd	TAB
Health in Mind	CAB
Heriot-Watt University	SB
Homes for Life Housing Partnership	CAB
Into Work	CAB

Employer	Type
ISS UK Ltd	TAB
Keymoves	CAB
Lothian Valuation Joint Board	SB
Melville Housing Association	CAB
Midlothian Council	SB
Mitie PFI	TAB
Morrison Facilities Services Ltd	TAB
Edinburgh Napier University	CAB
NSL Ltd	TAB
Newbattle Abbey College	CAB
North Edinburgh Dementia Care	CAB
Scotland's Rural College (SRUC)	SB
Open Door Accommodation Project	CAB
Penumbra	CAB
Pilton Equalities Project	CAB
Pilton Youth and Children's Project	CAB
Police Scotland	SB
Queensferry Churches Care in the Community Project	CAB
Queen Margaret University	CAB
Royal Society of Edinburgh	CAB
Scotland's Learning Partnership	CAB
Homeless Action Scotland	CAB
Scottish Mining Museum	CAB
Scottish Adoption Agency	CAB
Scottish Futures Trust	CAB
Scottish Legal Complaints Commission	CAB
Museums Galleries Scotland	CAB
Scottish Police Authority	SB
SESTRAN	SB
Skanska UK	TAB
Scottish Schools Education Research Centre (SSERC)	CAB
St Columba's Hospice	CAB
St Andrew's Children's Society Limited	CAB
Stepping Out Project	CAB
Royal Edinburgh Military Tattoo Centre for Moving Image (The)	CAB
Improvement Service (The)	CAB
Victim Support Scotland	CAB
Visit Scotland	SB
Edinburgh Development Group	CAB
West Granton Community Trust	CAB
Waverley Care	CAB
Weslo Housing Management	CAB
West Lothian College	SB
West Lothian Council	SB
West Lothian Leisure	CAB
Wester Hailes Land and Property Trust	CAB
Young Scot Enterprise	CAB
Youthlink Scotland	CAB

SB - Scheduled bodies

CAB - Community Admitted Bodies

TAB - Transferee Admitted Bodies

# Lothian Buses Pension Fund

## Membership records

Status	Membership at 31 March 2012	Membership at 31 March 2013	Membership at 31 March 2014	Membership at 31 March 2015
Active	1,407	1,335	1,268	1,196
Deferred	1,179	1,163	1,146	1,131
Pensioners	1,122	1,163	1,191	1,222
Dependants	303	310	320	332
<b>Total</b>	<b>4,011</b>	<b>3,971</b>	<b>3,925</b>	<b>3,881</b>

## Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the Local Government Pension Scheme (Benefits, Membership and Contributions) (Scotland) Regulations 2008. These contributions are payable at a certain rate for a band of earnings. For the year ended 31 March 2015 the contribution rates were as follows:

Full time equivalent pensionable pay (rate of pay on 31/3/2015)	Rate
Less than £20,382	5.50%
Between £20,383 and £26,489	Between 5.6% and 6.0%
Between £26,490 and £33,254	Between 6.1% and 6.5%
Between £33,255 and £46,876	Between 6.6% and 7.5%
Between £46,877 and £52,810	Between 7.6% and 8.0%
Between £52,811 and £70,711	Between 8.1% and 9.0%
Between £70,712 and £106,974	Between 9.1% and 10.0%
Between £106,975 and £245,412	Between 10.1% and 11.2%

Employers' contributions are set at the triennial actuarial valuation. The contribution rates for the year ended 31 March 2015 were based on the actuarial valuation at 31 March 2011. For the 2014/15 financial year the rate was 20.5% of pensionable pay for service currently being accrued.

During the financial year, the actuarial valuation at 31 March 2014 has been undertaken. The funding level on an ongoing basis was calculated by the Fund's actuary to be 117%. At 31 March 2015, the actuary provided an updated estimate of 106%.

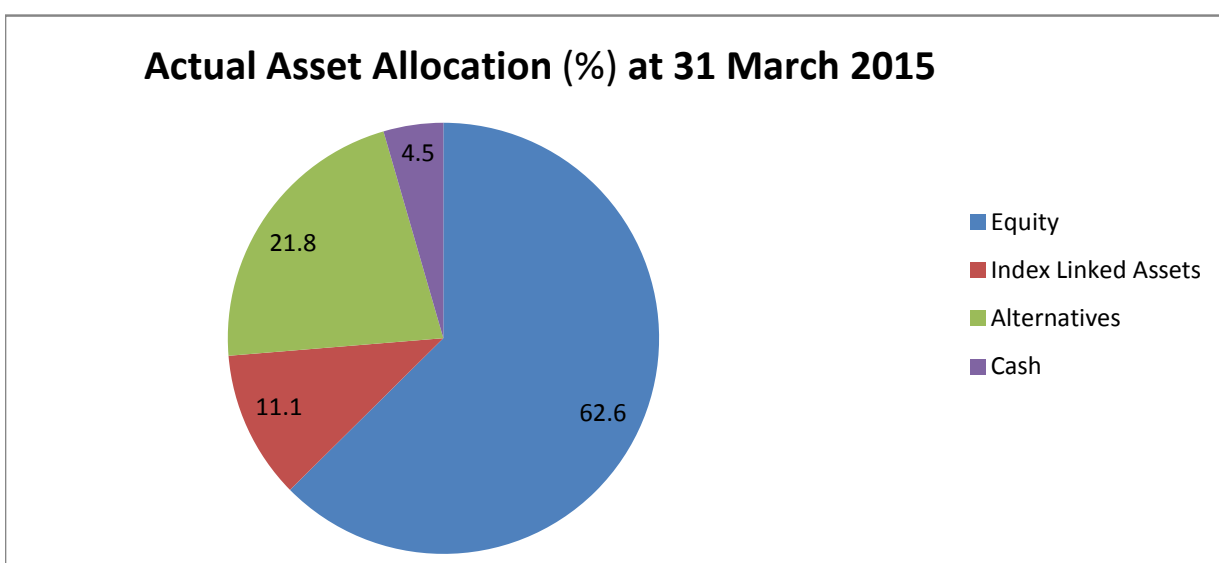
On the more prudent 'gilts basis', the funding levels were 88% and 81% at 31 March 2014 and 31 March 2015 respectively. More information on funding can be found in the Actuarial Statement for 2014/15.

## Investment Strategy

The Pensions Committee approved the Investment Strategy 2012-17 for Lothian Buses Pension Fund in October 2012. The strategy reduces the allocation to equities (including private equity) from 63.5% at the end of 2012 to 55% by the end of 2017 and increases the allocation to index-linked gilts and alternatives. It recognises a gradually changing risk profile for the Fund, but retains significant exposure to investments, such as Index-Linked Gilts and Equities, which have a history of protecting or enhancing purchasing power after the effects of inflation have been taken into account.

The investment strategy is set at the broad asset class level of Equities, Index-Linked Assets and Alternatives, which are the key determinants of investment risk and return. The Equities category includes listed and unlisted equities; Index-Linked Assets includes index-linked gilts/bonds; Alternatives include property, infrastructure, timber and fixed income assets, such as corporate bonds and other debt investments. The long term strategy for 2012-17 is set out in the table below along with the current interim strategy allocation and the asset allocation limits under normal financial conditions.

	Strategic Allocation	Long term Strategy	Permitted ranges
	31/03/2015	2012 - 2017	
	%	%	%
Equities	60.5	55.0	45 - 65
Index Linked Assets	12.0	15.0	10 - 30
Alternatives	27.5	30.0	10 - 35
Cash	-	-	0 - 10
<b>Total</b>	<b>100</b>	<b>100</b>	<b>n/a</b>



The implementation of the Investment Strategy 2012-17 has continued to proceed at a measured pace as investment opportunities became available and as research on opportunities was completed. Progress towards the long term strategy allocation involves the interim strategy allocation and the actual asset allocation changing gradually over time. The pace of change can be accelerated or slowed depending on asset prices, the availability of alternative investments and research conclusions on new strategies.

Changes to the underlying structure of the Fund were more modest in 2014/15 following the significant changes implemented in the prior year, notably the move to have approximately half of the Fund's equity exposure managed by the internal team in a low cost, low turnover, high dividend yield strategy.

## Investment performance

The objectives of the Fund were redefined in December 2012 and are:

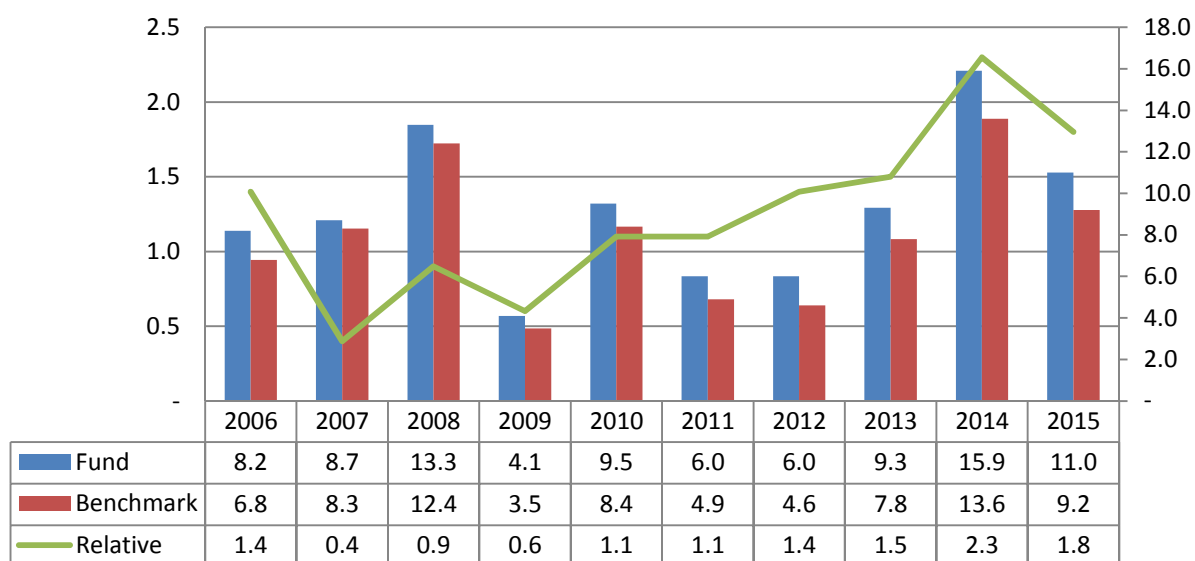
- over long-term economic cycles (typically 5 years or more) the achievement of the same return as that generated by the strategic allocation
- over shorter periods, the Fund should perform better than the strategic allocation if markets fall significantly.

The Fund has achieved returns in excess of the strategic allocation over the last year and over the longer term timeframes shown in the table. The benchmark return shown in the table is the strategic allocation and comprises equity, index-linked gilt and cash indices as well as an inflation-linked index for the alternatives allocation. Returns relative to the benchmark over a one year period need to be placed in the context that there are no ideal benchmarks for many of the assets held in the Fund, especially the Alternatives. The Fund's benchmark for Alternatives is inflation plus 3.5% per annum, which makes sense over the long term as the Fund's liabilities are linked to inflation. However, over shorter periods, there is less information content in the relative returns of the Fund because the development of asset prices is much more volatile than that of UK retail or consumer prices. The Investment Strategy Panel assesses the underlying risks of the portfolios that make up the asset allocation to ensure that these are consistent with the long term objectives of the Fund.

### Annualised returns to 31 March 2015 (% per year)

	1 year	5 year	10 years
Lothian Pension Fund	15.1	11.0	10.3
Benchmark	14.9	9.2	8.8
Retail Price Index (RPI)	0.9	3.1	3.0
Consumer Price Index (CPI)	(0.1)	2.4	2.5
National Average Earnings	3.3	1.7	2.6

### Annualised 5 yearly returns ending 31 March (% per year)





# Lothian Buses Pension Fund

## Fund Account for year ended 31 March 2015

2013/14 £000		<i>Note</i>	2014/15 £000
	Income		
7,126	Contributions from employer	2	7,094
2,222	Contributions from members		2,162
-	Transfers from other schemes		-
9,348			9,256
	Less: expenditure		
7,358	Pension payments including increases		7,790
1,819	Lump sum retirement payments		2,864
213	Lump sum death benefits		262
218	Transfers to other schemes	3	17
110	Administrative expenses	4a	112
9,718			11,045
(370)	Net withdrawals from dealing with members		(1,789)
	<b>Returns on investments</b>		
6,156	Investment income	5	8,346
22,411	Change in market value of investments	6a, 7b	43,422
(2,982)	Investment management expenses	4b	(1,320)
25,585	Net returns on investments		50,448
25,215	Net increase in the Fund during the year		48,659
311,910	Net assets of the Fund at 1 April 2014		337,125
337,125	Net assets of the Fund at 31 March 2015	7a, 7c	385,784

# Lothian Buses Pension Fund

## Net Assets Statement as at 31 March 2015

31 March 2014		31 March 2015
£000		£000
	<i>Note</i>	
	Investments	
337,279	Assets	382,261
(1,934)	Liabilities	(98)
335,345	<i>6, 8</i>	382,163
	Current assets	
422	The City of Edinburgh Council	1,113
1,523	Cash balances	2,026
912	Debtors	726
2,857		3,865
	Current liabilities	
(1,077)	Creditors	(244)
(1,077)		(244)
1,780	Net current assets	3,621
337,125	Net assets of the Fund at 31 March 2015	385,784
	<i>7a, 7c</i>	

JOHN BURNS FCMA CGMA

Pensions and Accounting Manager

24 June 2015

### Notes to the net asset statement

The financial statements summarise the transactions of the Fund during the year and its net assets at the year end. They do not take account of the obligations to pay pensions and benefits which fall due after the end of the year. The actuarial position of the Fund, which does take account of such obligations, is discussed in the Actuarial Valuation section of this report and these financial statements should be read in conjunction with that information. In addition, as required by IAS26, the Actuarial Present Value of Promised Retirement Benefits is disclosed in the notes to these financial statements.

# Notes to the Accounts

## 1 Events after the balance sheet date

There have been no events since 31 March 2015, and up to the date when these accounts were authorised, that require any adjustments to these accounts.

## 2 Contributions from employer

	2013/14 £000	2014/15 £000
Lothian Buses Plc		
Normal (ongoing contributions)	7,126	7,094
Deficit funding	-	-
Pension strain	-	-
<b>Total</b>	<b>7,126</b>	<b>7,094</b>

The Lothian Buses Pension Fund is a single employer pension fund for employees of Lothian Buses Plc. The Lothian Buses Fund was set up in 1986 under the Local Government Superannuation (Funds) (Scotland) regulations 1986 (SSI 115/1986).

From 2012/13 onwards, no deficit funding was required (as stated in the actuarial valuation of 31 March 2011). For 2014/15 the employer contribution rate was 20.5% of pensionable pay for service currently being accrued.

Where the employer makes certain decisions which result in additional benefits being paid out to a member, or benefits being paid early, this results in a "strain" on the Fund. The resulting pension strain costs are calculated and recharged in full to the employer. There were no strain costs during 2014/15.

## 3 Transfers out to other pension schemes

	2013/14 £000	2014/15 £000
Group transfers	-	-
Individual transfers	218	17
	<b>218</b>	<b>17</b>

## 4a Administrative expenses

	2013/14 £000	2014/15 £000
Employee costs	59	53
The City of Edinburgh Council - pension payroll costs	7	-
The City of Edinburgh Council - other support costs	15	7
System costs	11	12
Actuarial fees	9	21
External Audit fees	2	2
Legal fees	-	-
Printing and postage	2	5
Depreciation	3	4
Office costs	2	5
Sundry costs less sundry income	-	3
	<b>110</b>	<b>112</b>

The Investment and Pensions Division of the Council is responsible for administering the three pension Funds. The Division receives an allocation of the overheads of the Council. In turn the Division allocates administration and investment costs to the three pension funds. Costs directly attributable to a specific fund are charged to the relevant Fund, costs that are common to all three funds are allocated on a defined basis. Other costs were allocated based on the number of members of each Fund.

# Notes to the Accounts

<b>4b Investment management expenses</b>	<b>2013/14</b>	<b>2014/15</b>
	<b>£000</b>	<b>£000</b>
External management fees - invoiced	2,021	539
External management fees - deducted from capital	568	589
Transaction costs	268	31
Employee costs	59	63
Custody fees	21	36
Engagement and voting fees	5	5
Performance measurement fees	11	17
Investment consultancy fees	3	-
System costs	11	11
Legal fees	3	8
The City of Edinburgh Council - other support costs	8	12
Office costs	1	4
Sundry costs	3	5
	<b>2,982</b>	<b>1,320</b>

Any indirect costs incurred through the bid-offer spread on some pooled investment vehicles are reflected in the cost of investment acquisitions or in the proceeds of investment sales (see note 6a - Reconciliation of movements in investments).

The external investment management fees for 2014/15 include a performance-related element of £0.1m (2013/14 £1.4m).

<b>4c Management expenses</b>	<b>2013/14</b>	<b>2014/15</b>
	<b>£000</b>	<b>£000</b>
Administrative costs	99	84
Investment management expenses	2,763	1,259
Oversight and governance costs	230	89
	<b>3,092</b>	<b>1,432</b>

This analysis of costs for the Lothian Buses Pension Fund has been prepared in accordance with CIPFA guidance. The analysis looks at the combined Administration and Investment expenses in note 4a and b and splits out the costs to include a third heading covering oversight and governance.

<b>5 Investment income</b>	<b>2013/14</b>	<b>2014/15</b>
	<b>£000</b>	<b>£000</b>
Fixed income	7	84
Dividends from equities	4,610	6,230
Income from pooled investment vehicles	1,451	1,747
Interest on cash deposits	46	50
Securities lending and sundries	140	320
	<b>6,254</b>	<b>8,431</b>
Irrecoverable withholding tax	(98)	(85)
	<b>6,156</b>	<b>8,346</b>

# Notes to the Accounts

	31 March 2014 £000	31 March 2015 £000
<b>6 Net investment assets</b>		
<b>Investment assets</b>		
Fixed interest	6,511	13,209
Equities	221,274	242,863
Pooled investment vehicles	87,978	105,943
Deposits	19,521	19,174
<b>Other investment assets</b>		
Due from broker	1,084	81
Dividends and other income due	911	991
	1,995	1,072
<b>Total investment assets</b>	<b>337,279</b>	<b>382,261</b>
<b>Investment liabilities</b>		
Other financial liabilities - due to broker	(1,934)	(98)
<b>Total investment liabilities</b>	<b>(1,934)</b>	<b>(98)</b>
<b>Net investment assets</b>	<b>335,345</b>	<b>382,163</b>

## 6a Reconciliation of movement in investments

	Market value at 31 March 2014 £000	Purchases at cost £000	Sales proceeds £000	Change in market value £000	Market value at 31 March 2015 £000
Fixed interest	6,511	5,185	(391)	1,904	13,209
Equities	221,274	20,545	(27,165)	28,209	242,863
Pooled investment vehicles	87,978	5,319	(779)	13,425	105,943
	315,763	31,049	(28,335)	43,538	362,015
<b>Other financial assets / (liabilities)</b>					
Cash deposits	19,521			(113)	19,174
Broker balances	(850)			(3)	(17)
Dividends due	911			-	991
	19,582			(116)	20,148
<b>Net financial assets</b>	<b>335,345</b>			<b>43,422</b>	<b>382,163</b>

# Notes to the Accounts

	Market value at 31 March 2013 £000	Purchases at cost £000	Sales proceeds £000	Change in market value £000	Market value at 31 March 2014 £000
Fixed interest	-	6,414	-	97	6,511
Equities	214,633	127,533	(142,769)	21,877	221,274
Pooled investment vehicles	80,844	7,228	(934)	840	87,978
	295,477	141,175	(143,703)	22,814	315,763
<b>Other financial assets / (liabilities)</b>					
Cash deposits	11,850			(405)	19,521
Broker balances	614			2	(850)
Dividends due	824			-	911
	13,288			(403)	19,582
<b>Net financial assets</b>	<b>308,765</b>			<b>22,411</b>	<b>335,345</b>

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

Any indirect costs incurred through the bid-offer spread on some pooled investment vehicles are reflected in the cost of investment acquisitions and in the proceeds from sales and are therefore included in the tables above.

## 6b Analysis of investments (at market value)

	Market value at 31 March 2014 £000	Market value at 31 March 2015 £000
<b>Fixed income</b>		
UK index linked	6,511	13,209
<b>Equities</b>		
UK quoted	42,178	39,225
Overseas quoted	179,096	203,638
	221,274	242,863
<b>Pooled investment vehicles</b>		
UK		
Managed funds - property	29,327	34,201
Managed funds - index linked	23,338	28,449
Managed funds - other bonds	24,039	27,380
Infrastructure and timber	1,703	2,053
Overseas		
Infrastructure and timber	9,571	13,860
	87,978	105,943

# Notes to the Accounts

## 6c Investment managers and mandates

		Market value at 31 March 2014	% of total funds	Market value at 31 March 2015	% of total funds
		£000	%	£000	%
Manager	Mandate				
Baillie Gifford	Global equities	107,901	32.2	120,728	31.7
In-house	Global high dividend	107,435	32	113,824	29.8
In-house	Private equity quoted	3,761	1.1	4,753	1.2
Total equities		219,097	65.3	239,305	62.7
Baillie Gifford	Index linked gilts	23,338	7.0	28,449	7.5
In-house	Index linked gilts	14,106	4.2	13,915	3.6
Total index linked gilts		37,444	11.2	42,364	11.1
Baillie Gifford	Corporate bonds	24,039	7.2	27,380	7.2
In-house	Secured loans	1,421	0.4	530	0.1
Total other bonds		25,460	7.6	27,910	7.3
Standard Life	Property managed fund	29,327	8.7	34,201	8.9
In-house	Infrastructure unquoted	8,627	2.6	7,915	2.1
In-house	Infrastructure quoted	5,739	1.7	7,026	1.8
In-house	Timber	2,647	0.8	6,341	1.7
In-house	Alternatives cash	-	-	1,657	0.4
Total alternative investment		17,013	5.1	22,939	6.0
In-house	Cash	6,886	2.1	11,986	3.1
In-house	Transition	118	-	3,458	0.9
		7,004	2.1	15,444	4.0
Net financial assets		335,345	100.0	382,163	100.0

## 6d Investments representing more than 5% of the net assets of the Fund

	Market value at 31 March 2014	% of total funds	Market value at 31 March 2015	% of total funds
	£000	%	£000	%
Standard Life Property Fund	29,327	8.7	34,201	8.9
Baillie Gifford Inv Grade Bond Fund	24,039	7.1	27,380	7.1
Baillie Gifford Index Linked Gilt Fund	23,338	6.9	28,449	7.4

# Notes to the Accounts

## 6e Investments representing more than 5% of any investment class

		Market value at 31 March 2014 £000	Percent of class 31 March 2014 %	Market value at 31 March 2015 £000	Percent of class 31 March 2015 %
UK Gov 1.125% Index Linked 22/11/37	Fixed interest	1,226	18.8	1,472	11.1
UK Gov 2% Index Linked 26/01/35	Fixed interest	1,179	18.1	1,368	10.4
UK Gov 0.625% Index Linked 22/03/40	Fixed interest	987	15.2	1,215	9.2
UK Gov 0.75% Index Linked 22/03/34	Fixed interest	988	15.2	1,161	8.8
UK Gov 0.125% Index Linked 22/03/44	Fixed interest	-	-	1,151	8.7
UK Gov 1.25% Index Linked 22/11/32	Fixed interest	1,170	18.0	1,125	8.5
UK Gov 0.75% Index Linked 22/11/47	Fixed interest	-	-	880	6.7
UK Gov 4.125% Index Linked 22/07/30	Fixed interest	961	14.8	878	6.6
UK Gov 0.375% Index Linked 22/03/62	Fixed interest	-	-	866	6.6
UK Gov 1.25% Index Linked 2055	Fixed interest	-	-	758	5.7
Standard Life Property Fund	Pooled fund	29,327	33.3	34,201	32.3
Baillie Gifford Inv Grade Bond Fund	Pooled fund	24,039	27.3	27,380	25.8
Baillie Gifford Index Linked Gilt Fund	Pooled fund	23,338	26.5	28,449	26.9

## 6f Securities lending

During the year Lothian Buses Pension Fund participated in a securities lending arrangement with the Northern Trust Company. As at 31 March 2015, £10.5m (2014 £14.1m) of securities were released to third parties. Collateral valued at 106.1% (2014 105.2%) of the market value of the securities on loan was held at that date.

## 7 Financial instruments

### 7a Classification of financial instruments

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the fair value amounts of financial assets and liabilities by category and net assets statement heading. No financial assets were reclassified during the accounting period.



# Notes to the Accounts

All financial instruments are marked to market (at fair value) in the Fund's accounting records hence there is no difference between the carrying value and fair value.

	31 March 2014			31 March 2015		
	Designated as fair value through fund account £000	Loans and receivables £000	Financial liabilities at amortised cost £000	Designated as fair value through fund account £000	Loans and receivables £000	Financial liabilities at amortised cost £000
<b>Financial assets</b>						
Investment assets						
Fixed interest	6,511	-	-	13,209	-	-
Equities	221,274	-	-	242,863	-	-
Pooled investments	87,978	-	-	105,943	-	-
Cash	-	19,521	-	-	19,174	-
Other investment balances	-	1,995	-	-	1,071	-
	315,763	21,516	-	362,015	20,245	-
Other assets						
City of Edinburgh Council	-	422	-	-	1,113	-
Cash	-	1,523	-	-	2,027	-
Debtors	-	912	-	-	726	-
	-	2,857	-	-	3,866	-
Assets total	315,763	24,373	-	362,015	24,111	-
<b>Financial liabilities</b>						
Investment liabilities						
Other investment balances	(1,934)	-	-	(98)	-	-
	(1,934)	-	-	(98)	-	-
Other liabilities						
Creditors	-	-	(1,077)	-	-	(244)
	-	-	(1,077)	-	-	(244)
Liabilities total	(1,934)	-	(1,077)	(98)	-	(244)
Net asset total	313,829	24,373	(1,077)	361,917	24,111	(244)
Total net financial instruments			337,125			385,784

## 7b Net gains and losses on financial instruments

	2013/14 £000	2014/15 £000
Designated as fair value through fund account	22,814	43,538
Loans and receivables	(403)	(116)
Financial liabilities at amortised cost	-	-
Total	22,411	43,422

# Notes to the Accounts

## 7c Valuation of financial instruments carried at fair value

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values.

### Level 1

Financial instruments at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities and unit trusts. Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

### Level 2

Financial instruments at Level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

### Level 3

Financial instruments at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include unlisted equity investments, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The values of the investments in unlisted private equity, infrastructure and timber are based on valuations provided by the general partners to the funds in which the Fund has invested. These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines or similar guidelines provided by the British Venture Capital Association, which follow the valuation principles of International Financial Reporting Standards (IFRS). The valuations are typically undertaken annually at the end of December. Cash flow adjustments are used to roll forward the valuations to 31 March as appropriate.

The following table provides an analysis of the financial assets and liabilities of the Fund grouped into Levels 1 to 3, based on the level at which the fair value is observable.

	31 March 2015			Total £000
	Level 1 £000	Level 2 £000	Level 3 £000	
<b>Financial assets</b>				-
Designated as fair value through fund account	332,875	13,209	15,931	362,015
Loans and receivables	24,111	-	-	24,111
<b>Total financial assets</b>	<b>356,986</b>	<b>13,209</b>	<b>15,931</b>	<b>386,126</b>
<b>Financial liabilities</b>				
Designated as fair value through fund account	(98)	-	-	(98)
Financial liabilities at amortised cost	(244)	-	-	(244)
<b>Total financial liabilities</b>	<b>(342)</b>	<b>-</b>	<b>-</b>	<b>(342)</b>
<b>Net financial assets</b>	<b>356,644</b>	<b>13,209</b>	<b>15,931</b>	<b>385,784</b>

# Notes to the Accounts

	31 March 2014			Total £000
	Level 1 £000	Level 2 £000	Level 3 £000	
<b>Financial assets</b>				
Designated as fair value through fund account	297,978	6,511	11,274	315,763
Loans and receivables	24,373	-	-	24,373
<b>Total financial assets</b>	<b>322,351</b>	<b>6,511</b>	<b>11,274</b>	<b>340,136</b>
<b>Financial liabilities</b>				
Designated as fair value through fund account	(1,934)	-	-	(1,934)
Financial liabilities at amortised cost	(1,077)	-	-	(1,077)
<b>Total financial liabilities</b>	<b>(3,011)</b>	<b>-</b>	<b>-</b>	<b>(3,011)</b>
<b>Net financial assets</b>	<b>319,340</b>	<b>6,511</b>	<b>11,274</b>	<b>337,125</b>

## 8 Nature and extent of risk arising from financial instruments

### Risk and risk management

The Fund's primary aim is to ensure that all members and their dependants receive their benefits when they become payable. The investment strategy aims to maximise the returns from investments within reasonable risk parameters and hence minimise the long-term cost to the employer. The Fund achieves this by investing in a diverse range of assets to reduce risk to an acceptable level. In addition, the Fund ensures that sufficient cash is available to meet all liabilities when they are due to be paid.

Responsibility for the Fund's overall investment strategy rests with the Pensions Committee. The Investment Strategy Panel and the internal investment team monitor investment risks on a regular basis. Investment risk management tools are used to identify and analyse risks faced by the Fund's investments. Risks are reviewed regularly to reflect changes in activity and market conditions.

### Types of investment risks

There are various ways of considering investment risks for pension funds. For the purposes of this note, market risk is the potential for an investor to experience losses from falls in the prices of investments. All financial instruments, including cash deposits, present a risk of loss of capital and risks vary depending on different asset classes.

Investment risk also changes over time as economic conditions and investor sentiment change. The Fund considers overall fluctuations in prices arising from a variety of sources: market risk, foreign exchange risk, interest rate risk, credit risk, etc. The different risks may, to some extent, offset each other.

The overall investment risk of the Fund depends on the actual mix of assets and encompasses all the different elements of risk.

The Fund manages these risks in a number of ways:

- assessing and establishing acceptable levels of market risk when setting overall investment strategy. Importantly, risk is considered relative to the liabilities of the Fund
- diversification of investments in terms of type of asset, investment styles, investment managers, geographical and industry sectors as well as individual securities
- taking stewardship responsibilities seriously and pursuing constructive engagement with the companies in which the Fund invests
- monitoring market risk and market conditions to ensure risk remains within tolerable levels.

# Notes to the Accounts

The Fund may use equity futures contracts from time to time to manage market risk. Exchange traded options are not used by the Fund.

## Sensitivity analysis

Asset prices have a tendency to fluctuate. The degree of such fluctuation is known as “volatility” and it differs by asset class. The table below sets out the long-term volatility assumptions used in the Fund’s asset-liability modelling undertaken by the Fund’s investment adviser KPMG:

Asset type	Potential price movement (+ or -)
Equities - developed markets	20.0%
Private equity	30.0%
Timber	30.0%
Secured loans	10.0%
Corporate bonds	12.0%
Index-linked gilts	8.5%
Infrastructure	8.0%
Property	13.0%
Cash	1.5%

Volatility is the standard deviation of annual returns. Broadly speaking, in two years out of three, the asset’s change in value (which could be a gain or a loss) is expected to be lower than the volatility figure, but in one year out of three, the change in value is expected to be higher than the volatility figure.

Asset classes do not always move in line with each other. The extent to which assets move together is known as their “correlation”. A lower correlation means that there is less risk of assets losing value at the same time. The overall Fund benefits from "diversification" because it invests in different asset classes, which don’t all move in line with each other. Consequently, the aggregate risk at the Fund level is less than the total risk from all the individual assets in which the Fund invests.

The following table shows the risks at the asset class level and the overall Fund level, with and without allowance for correlation.

Asset type	Value at 31 March 2015		Potential Change	Value on increase	Value on decrease
	£000	% of fund	+ / -	£000	£000
Equities - developed markets	234,550	61.4	20.0	281,460	187,640
Private equity	4,753	1.2	30.0	6,179	3,327
Timber	6,341	1.7	30.0	8,243	4,439
Secured loans	530	0.1	10.0	583	477
Corporate bonds	27,380	7.2	12.0	30,666	24,094
Index-linked gilts	42,364	11.1	8.5	45,965	38,763
Infrastructure	14,941	3.9	8.0	16,136	13,746
Property	34,201	8.9	13.0	38,647	29,755
Cash	17,103	4.5	1.5	17,360	16,846
Total [1]	382,163	100.0	16.5	445,239	319,087
Total [2]			14.4	437,194	327,132
Total [3]			13.6	434,137	330,189

[1] No allowance for correlations between assets

[2] Including allowance correlations for between assets

[3] Including allowance for correlation between assets and liabilities.

# Notes to the Accounts

The value on increase/decrease columns illustrate the effect of the volatility. The actual annual change in value is expected to be lower than this in two years out of three, but higher in one year out of three. It can be seen that the risk to the overall Fund [2] assets is lower than the total of the risks to the individual assets[1].

However, because the purpose of a pension scheme is to make payments to scheme beneficiaries, the true risk of a pension scheme is not measured in absolute terms, but relative to its liabilities[3]. The risk is lower than the absolute asset risk, due to the impact of correlation with the discount rate used to value the liabilities.

This risk analysis incorporates volatility from market, interest rate, foreign exchange, credit, and all other sources of risk, and, importantly, makes allowance for how these risks may offset each other.

## Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit risk in their pricing and consequently the risk of loss is implicitly provided for in the value of the Fund's assets and liabilities (as outlined in Market Risk above).

In essence, the Fund's entire investment portfolio is exposed to some sort of credit risk. However through the selection of counterparties, brokers and financial institutions the Fund reduces the credit risk that may occur through the failure to settle a transaction in a timely manner.

Cash deposits, derivatives and stock lending are the major areas of credit exposure where credit risk is not reflected in market prices.

## Cash deposits

At 31 March 2015, cash deposits represented £21.7m, 6.1% of total net assets. This was held with the following institutions:

	Moody's Credit Rating at 31 March 2015	Balances at 31 March 2014 £000	Balances at 31 March 2015 £000
Held for investment purposes			
Northern Trust Global Investment Limited - liquidity funds	Aaa	11,452	3,285
Northern Trust Company - cash deposits	A1	5,591	3,903
The City of Edinburgh Council - treasury management	See below	2,478	11,986
<b>Total investment cash</b>		<b>19,521</b>	<b>19,174</b>
Held for other purposes			
The City of Edinburgh Council - treasury management	See below	1,523	2,026
<b>Total cash</b>		<b>21,044</b>	<b>21,200</b>

The majority of Sterling cash deposits of the Fund are managed along with those of the administering authority (the City of Edinburgh Council) and other related organisations which are pooled for investment purposes as a treasury cash fund. Management of the cash fund is on a low risk basis, with security of the investments the key consideration while at the same time seeking innovative and secure cash management opportunities.

# Notes to the Accounts

The Fund's cash holding at the year end under its treasury management arrangements was held with the following institutions:

	Moody's Credit Rating at 31 March 2015	Balances at 31 March 2014 £000	Balances at 31 March 2015 £000
Money market funds			
Deutsche Bank AG, London	<i>Aaa</i>	527	2,057
Goldman Sachs	<i>Aaa</i>	295	2,055
Bank call accounts			
Bank of Scotland	<i>A1</i>	364	1,324
Royal Bank of Scotland	<i>Baa1</i>	137	186
Santander UK	<i>A2</i>	377	1,285
Barclays Bank	<i>A2</i>	367	1,341
Svenska Handelsbanken	<i>Aa3</i>	566	2,090
HSBC Bank	<i>Aa3</i>	-	2,045
Commonwealth Bank of Australia	<i>Aa2</i>	546	543
Floating Rate Note			
Rabobank	<i>Aa2</i>	-	362
Building society fixed term deposits			
Nationwide Building Society	<i>A2</i>	182	362
UK pseudo-sovereign risk instruments			
Other Local Authorities	<i>n/a</i>	458	
UK Government Treasury Bills	<i>Aa1</i>	182	362
		4,001	14,012

No breaches of the Council's counterparty criteria occurred during the reporting period and the Fund does not expect any losses from non-performance by any of its counterparties in relation to deposits.

## Securities lending

The Fund participates in a security lending programme as described above. The Fund is potentially exposed to credit risk in the event of the borrower of stock defaults. This risk is mitigated by the contractual commitment that borrowers provide collateral in excess of 100% of the value of the securities borrowed. In addition, Northern Trust has signed an agreement requiring it to make good any losses arising from the lending programme.

## Liquidity risk

Liquidity risk reflects the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund therefore ensures that there is adequate cash and liquid resources to meet its commitments. Cashflow projections are prepared on a regular basis to understand and manage the timing of the Fund's cashflow. The majority (estimated to be approximately 85%) of the Fund's investments could be converted to cash within three months in a normal trading environment.

## Refinancing risk

Refinancing risk is the risk that the Fund will be bound to replenish a significant proportion of its pension fund financial instruments at a time of unfavourable interest rates. The Fund is not bound by any obligation to replenish its investments and hence is not exposed to refinancing risk.

# Notes to the Accounts

## 9 Actuarial statement

The Fund Actuary has provided a statement describing the funding arrangements of the Fund. This can be found at the end of this section.

## 10 Actuarial present value of promised retirement benefits

The actuarial value of promised retirement benefits at the accounting date, calculated in line with International Accounting Standard 19 (IAS19) assumptions, is estimated to be £400m (2014 £358m).

This figure is used for statutory accounting purposes by Lothian Buses Pension Fund and complies with the requirements of IAS26. The assumptions underlying the figure match those adopted for the Administering Authority's FRS17/IAS19 reports at each year end.

The figure is only prepared for the purposes of IAS26 and has no validity in other circumstances. In particular, it is not relevant for calculations undertaken for funding purposes and setting contributions payable to the Fund.

### Financial assumptions

Inflation / pensions increase rate

Salary increase rate

Discount rate

\*Salary increases were estimated at 1% p.a. nominal until 31 March 2015 reverting to the long term rate thereafter.

31 March 2014	31 March 2015
% p.a.	% p.a.

2.8

2.4

5.1

4.3

4.5

3.2

### Longevity assumptions

The life expectancy assumption is based on Fund specific statistical analysis with improvements in line with the CMI 2012 model, assuming that the current rate of improvements has reached a peak and will converge to a long term rate of 1.25% p.a.. Based on these assumptions, the average future life expectancies, in years, at age 65 are summarised below:

Current pensioners

Future pensioners (assumed to be currently 45)

Males	Females
-------	---------

20.4 years

22.6 years

23.5 years

25.9 years

These assumptions have changed since the previous IAS26 disclosure of the Fund.

### Commutation assumption

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2009 service and 75% of the maximum tax-free cash for post-April 2009 service.

# Notes to the Accounts

## 11 Debtors

	31 March 2014 £000	31 March 2015 £000
Contributions due - employers	654	528
Contributions due - employees	199	161
Pensions paid on behalf of employer	38	-
Sundry debtors	21	37
	<b>912</b>	<b>726</b>
<b>Analysis of debtors</b>		
Administering Authority	1	1
Lothian Buses plc	890	689
Other entities and individuals	21	36
	<b>912</b>	<b>726</b>

## 12 Creditors

	31 March 2014 £000	31 March 2015 £000
Benefits payable	91	73
Miscellaneous creditors and accrued expenses	986	171
	<b>1,077</b>	<b>244</b>
<b>Analysis of creditors</b>		
Other entities and Individuals	1,077	244
	<b>1,077</b>	<b>244</b>

## 13 Additional Voluntary Contributions

Active members of the Lothian Buses Pension Fund have the option to pay additional voluntary contributions (AVCs). These AVCs are invested separately from the main funds, securing additional benefits on a money purchase basis for those members that have elected to contribute. The investment of the AVCs is managed by Standard Life and Prudential.

In accordance with regulation 4 (2) (b) of the Local Government Pension Scheme (Management and Investment of Funds) (Scotland) Regulations 2010, AVCs are not included in the pension fund financial statements.

	2013/14 £000	2014/15 £000
Total contributions during year for Lothian Buses Pension Fund		
Standard Life	9	9
Prudential	108	73
	<b>117</b>	<b>82</b>
	31 March 2014 £000	31 March 2015 £000
Total value at year end for Lothian Buses Pension Fund		
Standard Life	148	167
Prudential	186	251
	<b>334</b>	<b>418</b>



# Notes to the Accounts

## 14 Related party transactions

### The City of Edinburgh Council

Lothian Pension Fund, the Lothian Buses Pension Fund and the Scottish Homes Pension Fund are administered by the City of Edinburgh Council. Consequently there is a strong relationship between the Council and the pension funds.

The Investment and Pensions Division of the Council is responsible for administering the three pension funds. The Division receives an allocation of the overheads of the Council, based on the amount of central services consumed. In turn, the Division allocates its costs to the three funds. Costs directly attributable to a specific fund are charged to the relevant fund, costs that are common to all three funds are allocated on a defined basis.

Transactions between the Council and the Fund are managed via a holding account. Each month the Council is paid a cash sum leaving a working balance in the account to cover the next month's pension payroll costs and other expected costs.

#### Year end balance on holding account

	31 March 2014 £000	31 March 2015 £000
	422	1,113

Part of the Fund's cash holdings are invested on the money markets by the treasury management operations of the Council, through a service level agreement. During the year to 31 March 2015, the Fund had an average investment balance of £6.8m (2014 £6.6m), interest earned was £31k (2014 £34.9k).

#### Year end balance on treasury management account

Held for investment purposes  
Held for other purposes

	31 March 2014 £000	31 March 2015 £000
Held for investment purposes	2,478	11,986
Held for other purposes	1,523	2,026
	4,001	14,012

The Council owns 91.01% of the shares of Lothian Buses plc, the Fund being operated solely for the employees of Lothian Buses Plc.

#### Office accommodation - 144 Morrison Street, Edinburgh

Investment and Pensions Division of the Council has entered into an internal agreement with the Council for the provision of office accommodation at 144 Morrison Street in Edinburgh. The terms of the agreement are equivalent to those that would have been obtained had the accommodation been let on a commercial basis. In the accounts of the Fund the arrangement has been treated as a operational lease. The agreement was effective from November 2013. The Investment and Pensions Division is committed to making the following future payments.

# Notes to the Accounts

	31 March 2014 £000	31 March 2015 £000
Within one year	-	-
Between one and five years	157	272
After five years	1,222	1,107
	<b>1,379</b>	<b>1,379</b>
Recognised as an expense during the year	<b>33</b>	<b>91</b>

The above expense has been allocated across the three Pension Funds, Lothian Buses Pension Fund's share is £5.2k.

## Key management personnel

During the period from 1 April 2014 to the date of issuing of these accounts, a number of employees of the City of Edinburgh Council and its wholly owned subsidiary, LPFE Limited, held key positions in the financial management of the Lothian Pension Fund. With effect from 1 May 2015, all the employees listed below, with the exception of the Director of Corporate Governance, were employed by LPFE Limited. These employees and their financial relationship with the Fund (expressed as cash-equivalent transfer values or CETV) are set out below:

Name	Position held	Accrued CETV as at 31 March 2014 £000	Accrued CETV as at 31 March 2015 £000
Alastair Maclean*	Director of Corporate Governance	115	141
Clare Scott	Investment and Pensions Service Manager	126	147
Struan Fairbairn	Legal and Risk Manager	9	19
John Burns	Pensions and Accounting Manager	386	426
Esmond Hamilton	Financial Controller	119	138
Bruce Miller	Investment Manager	112	139

\* Also disclosed in the financial statements of the City of Edinburgh Council.

## 15 Contingent liabilities and contractual commitments

The Fund has commitments relating to outstanding call payments due on unquoted funds held in the infrastructure and timber parts of the portfolio. The amounts 'called' by these funds are irregular in both size and timing, taking place over a period of years from the date of each original commitment. The outstanding commitments at the year end are as follows:

	31 March 2014 £000	31 March 2015 £000
Outstanding investment commitments	466	5,387

# Notes to the Accounts

## **16 Contingent assets**

There were no contingent assets at the year end.

## **17 Impairment losses**

No impairment losses have been identified during the year.

# Lothian Buses Pension Fund

## Actuarial Statement for 2014/15

This statement has been prepared in accordance with Regulation 31A(1)(d) of the Local Government Pension Scheme (Scotland) (Administration) Regulations 2008, and Chapter 6 of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the UK 2014/15. It has been prepared at the request of the Administering Authority of the Fund for the purpose of complying with the aforementioned regulation.

### Description of Funding Policy

The funding policy is set out in the Administering Authority's Funding Strategy Statement (FSS), dated March 2015. In summary, the key funding principles are as follows:

- To ensure solvency of the Fund;
- To minimise the degree of short-term change in employer contribution rates;
- Reduce risk of the investment strategy over time;
- To ensure that sufficient cash is available to meet all liabilities as they fall due for payment

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable.

### Funding Position as at the last formal funding valuation

The most recent actuarial valuation carried out under Regulation 32 of the Local Government Pension Scheme (Scotland) (Administration) Regulations 2008 was as at 31 March 2014. This valuation revealed that the Fund's assets, which at 31 March 2014 were valued at £337 million, were sufficient to meet 117% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting surplus at the 2014 valuation was £48 million.

On the more prudent gilts basis, the Fund's assets at 31 March 2014 were sufficient to meet 88% of the liabilities accrued to that date. The resulting deficit at the 2014 valuation, on the gilts basis, was £45million.

The employer contributions for the period 1 April 2015 to 31 March 2018 were set in accordance with the Fund's funding policy as set out in its FSS.

### Principal Actuarial Assumptions and Method used to value the liabilities

Full details of the methods and assumptions used are described in the valuation report dated 31 March 2014.

#### Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date, and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

#### Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

# Actuarial Statement for 2014/15

The key financial assumptions adopted for the 2014 valuation were as follows:

Financial Assumption	31 March 2014	
	% p.a. Nominal	% p.a. Nominal
Discount rate	5.00%	2.30%
Pay increases*	5.00%	2.30%
Price inflation/Pension increases	2.70%	-

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI\_2012 model, assuming the current rate of improvements has reached a peak and will converge to long term rate of 1.25% p.a.. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	20.4 years	22.6 years
Future Pensioners*	23.5 years	25.9 years

\*Future pensioners are assumed to be aged 45 at the 2014 valuation

Copies of the 2014 valuation report and Funding Strategy Statement are available on request from The City of Edinburgh Council, the Administering Authority to the Fund.

## Experience over the period since April 2014

The administering authority monitors the funding position on a regular basis as part of its risk management programme. The most recent funding update as at 31 March 2015 revealed that the Fund's assets were sufficient to meet 106% of the past service liabilities. The decrease in the funding level was largely as a result of a decrease in real bond yields, and the subsequent reduction in the net discount rate, which places a higher value on the Fund's liabilities. The resulting surplus was £22 million.

On the more prudent gilts basis, the Fund's assets at 31 March 2015 were sufficient to meet 81% of the liabilities accrued to that date, with a resulting deficit of £91 million.

The next actuarial valuation will be carried out as at 31 March 2017. The Funding Strategy Statement will also be reviewed at that time

**Richard Warden FFA**

**Fellow of the Institute and Faculty of Actuaries**

**For and on behalf of Hymans Robertson LLP**

**1 June 2015**

# Scottish Homes Pension Fund

## Membership records

Status	Membership at 31/03/2012	Membership at 31/03/2013	Membership at 31/03/2014	Membership at 31/03/2015
Active	-	-	-	-
Deferred	650	626	595	562
Pensioners	999	978	956	928
Dependants	303	308	298	293
<b>Total</b>	<b>1,952</b>	<b>1,912</b>	<b>1,849</b>	<b>1,783</b>

## Funding

As the Scottish Homes Pension Fund has no active members, benefits are funded by investment earnings and payments from the Scottish Government in line with the guarantee agreement.

Payments under the guarantee agreement are set at triennial actuarial valuations. The amount payable for the year ended 31 March 2015, of £771,000, was based on the actuarial valuation as at 31 March 2011. As a result of the 31 March 2014 valuation, the Scottish Government will pay £675,00 each year from 1 April 2015 to 31 March 2018.

The Fund's actuary has estimated the funding level to be 92% at 31 March 2015.

## Investment strategy

The funding agreement with the Scottish Government and the investment strategy are designed to reduce investment risk as the Fund is closed to new members and the liabilities will mature over the time. They allow for acceleration in the sale of equities and property and purchase of bonds if the actual funding level improves to the target funding level. The 2014 Actuarial Valuation showed that the actual funding level (88.8%) was below the target funding level (91.5%).

Following the results of the 2014 Actuarial Valuation, the Pensions Committee approved a revised investment strategy for Scottish Homes Pension Fund in December 2014, which confirms that the equity allocation will be reduced with corresponding increases in the bond allocation dependent on the funding level. The target funding levels from 2011 to 2026 are shown in the table below along with the corresponding target equity allocations.

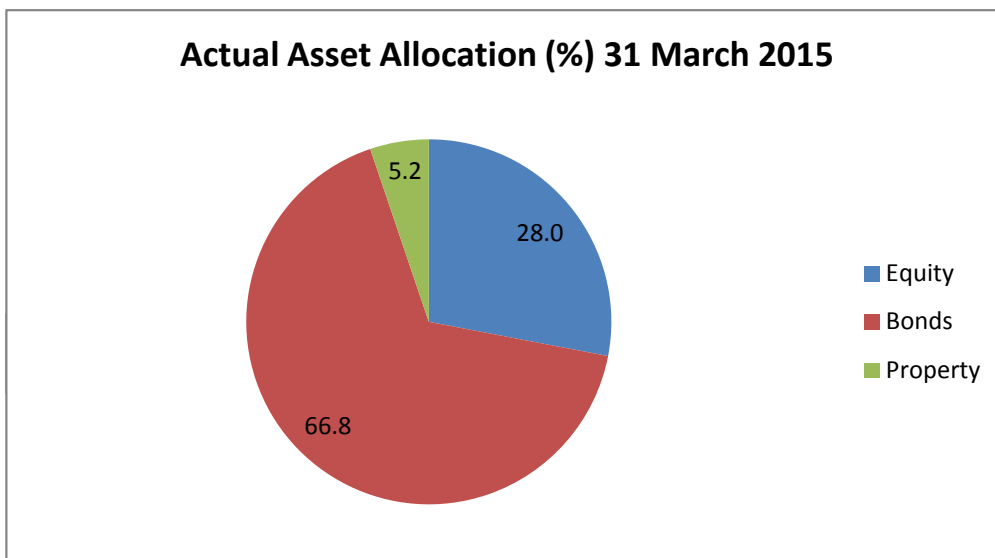
Year [1]	Target Funding Level %	Equity Allocation %
2011	89.5	35
2014	91.5	30
2017	93.0	25
2020	94.5	20
2023	95.5	15
2026	96.5	10

[1] The Scottish Government guarantee agreement sets out the target funding levels every 3 years until 2044.

Over 2014/15, the actual funding level did improve to the target funding level and action was taken to reduce the equity allocation from 30.0% to 27.5% during the first quarter of 2015, consistent with the funding approach. The estimated actual funding level was 92% at 31 March 2015, which is broadly in-line with the target funding level of 93.0% for 2017. The strategic asset allocation at 31 March 2015 is shown below.

	Strategic Allocation 31 March 2014	Strategic Allocation 31 March 2015
	%	%
Equities	30.0	27.5
Bonds	65.0	67.5
Property	5.0	5.0
Cash	-	-
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

The actual asset allocation at 31 March 2015 is shown in the pie chart below.



During 2014/15, an analysis of the Fund's liability cash flow projections was undertaken, which highlighted the differences between the term/duration of the Fund's investments compared to the liabilities. This was partly due to the fact that the investments have tracked a standard market index of gilts and issuance of new government bonds over recent years has tended to be of longer duration. During September 2014, the duration of the Fund's investments was reduced accordingly and part of the Fund's holdings is now being managed internally. Approximately half of the bond portfolio was moved to in-house management. The equity and bond allocations did not change over this time. This change in duration should result in the investments providing a closer match to the liabilities in the future.

## Investment performance

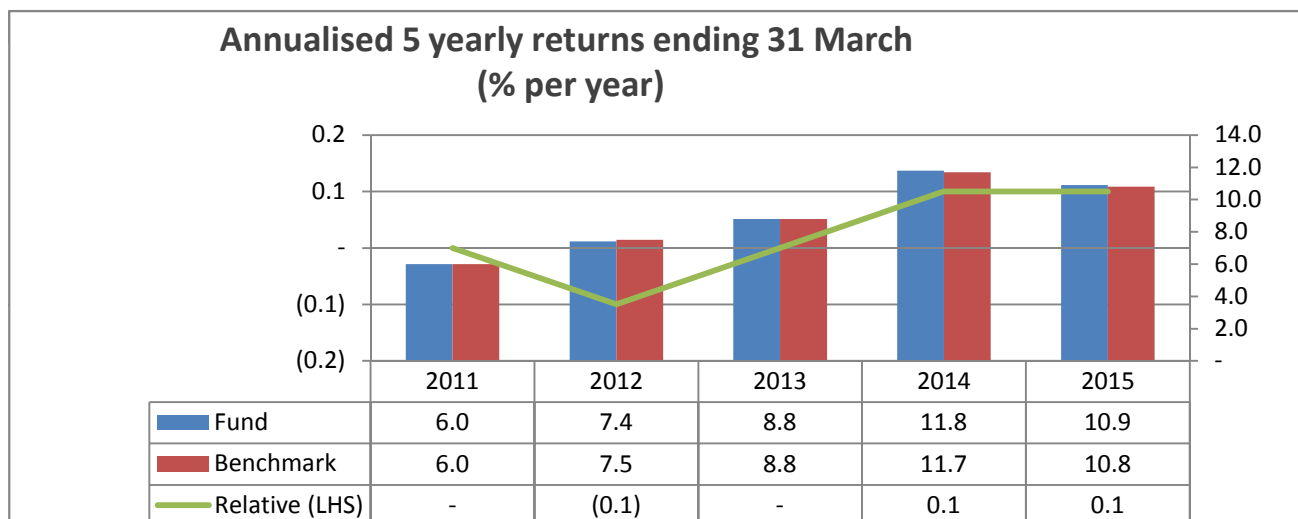
The objectives of the Fund were redefined in December 2012 and are:

- over long-term economic cycles (typically 5 years or more), the achievement of the same return as that generated by the strategic allocation;
- over shorter periods, the Fund should perform better than the strategic allocation if markets fall significantly.

The Fund's annualised performance over the year and longer-term periods is shown in the table below. The Fund has performed in line with its benchmark since inception, and has outperformed its benchmark by a small margin over the 1- and 5-year timeframes. The Fund's equity and bond assets are currently managed passively and the Fund's risk has been similar to that of the benchmark.

Annualised returns to 31 March 2014 (% per year)	1 year	5 years	Since inception (July 2005)
Scottish Homes Pension Fund	19.7	10.9	9.2
Benchmark	19.4	10.8	9.2
Retail Price Index (RPI)	0.9	3.1	3.0
Consumer Price Index (CPI)	(0.1)	2.4	2.5
National Average Earnings	3.3	1.7	2.4

The absolute performance of Scottish Homes Pension Fund over the 12-month period was +19.7% and 5 year performance was +10.9% per annum. With a large allocation to bonds, the continuing bull market in the world's bond markets boosted the fund's performance over 2014/15. Since inception in July 2005, the Fund has returned +9.2% per annum, well ahead of measures of inflation, and national average earnings.





# Scottish Homes Pension Fund

## Fund Account for year ended 31 March 2015

2013/14 £000		Note	2014/15 £000
	Income		
791	Contributions from employer	2	771
-	Transfers from other schemes		-
791			771
	Less: expenditure		
7,083	Pension payments including increases		7,057
329	Lump sum retirement payments		372
15	Lump sum death benefits		11
9	Transfers to other schemes	3	93
57	Administrative expenses	4a	69
7,493			7,602
(6,702)	Net withdrawals from dealing with members		(6,831)
	<b>Returns on investments</b>		
339	Investment income	5	569
2,742	Change in market value of investments	6a, 7b	24,861
(191)	Investment management expenses	4b	(184)
2,890	Net returns on investments		25,246
(3,812)	Net (decrease) / increase in the Fund during the year		18,415
140,117	Net assets of the Fund at 1 April 2014		136,305
136,305	Net assets of the Fund at 31 March 2015	7a, 7c	154,720

# Scottish Homes Pension Fund

## Net Assets Statement as at 31 March 2015

31 March 2014			31 March 2015
£000		Note	£000
	Investments		
133,761	Assets		152,067
-	Liabilities		-
133,761		6, 8	152,067
	Current assets		
175	The City of Edinburgh Council	14	219
2,383	Cash balances	8, 14	2,433
48	Debtors	11	27
2,606			2,679
	Current liabilities		
(62)	Creditors	12	(26)
(62)			(26)
2,544	Net current assets		2,653
136,305	Net assets of the Fund at 31 March 2014	7a, 7c	154,720

JOHN BURNS FCMA CGMA  
Pensions and Accounting Manager  
24 June 2015

### Notes to the net asset statement

The financial statements summarise the transactions of the Fund during the year and its net assets at the year end. They do not take account of the obligations to pay pensions and benefits which fall due after the end of the year. The actuarial position of the Fund, which does take account of such obligations, is discussed in the Actuarial Valuation section of this report and these financial statements should be read in conjunction with that information. In addition, as required by IAS26, the Actuarial Present Value of Promised Retirement Benefits is disclosed in the notes to these financial statements.

# Notes to the Accounts

## 1 Events after the balance sheet date

There have been no events since 31 March 2015, and up to the date when these accounts were authorised, that require any adjustments to these accounts.

## 2 Contributions

	2013/14 £000	2014/15 £000
Deficit funding	671	671
Administration expenses contribution	100	100
Strain costs	20	-
	791	771

The Scottish Homes Pension Fund is a single employer pension fund for former employees of Scottish Homes. The Scottish Homes Pension Fund was set up under (Scottish) Statutory Instrument 315/2005, when Scottish Homes became Communities Scotland - part of the Scottish Government.

Following the actuarial valuation at 31 March 2011 deficit funding of £671,000 per year was paid by the Scottish Government over the period April 2012 to March 2015. In addition, the Scottish Government agreed to pay £100,000 every year towards the cost of ongoing administration. The results of the 31 March 2014 actuarial valuation mean that the Scottish Government will pay £575,000 per year in deficit funding for the period April 2015 to March 2018 while the administration cost remains the same.

Where the Scottish Government makes certain decisions which result in additional benefits being paid out to a member, or benefits being paid early, this results in a "strain" on the Fund. The resulting pension strain costs are calculated and recharged in full.

The Fund consists of only deferred and pensioner members, hence no employee contributions were paid during the year.

## 3 Transfers out to other schemes

	2013/14 £000	2014/15 £000
Group transfers	-	-
Individual transfers	9	93
	9	93

## 4a Administrative expenses

	2013/14 £000	2014/15 £000
Employee costs	27	25
The City of Edinburgh Council - pension payroll costs	6	-
The City of Edinburgh Council - other support costs	7	3
System costs	5	7
Actuarial fees	7	25
External audit fees	1	1
Printing and postage	1	2
Depreciation	2	2
Office costs	1	2
Sundry costs less sundry income	-	2
	57	69

# Notes to the Accounts

## 4a Administrative expenses - continued

The Investment and Pensions Division of the Council is responsible for administering the three pension Funds. The Division receives an allocation of the overheads of the Council. In turn the Division allocates administration and investment costs to the three pension funds. Costs directly attributable to a specific fund are charged to the relevant Fund, costs that are common to all three funds are allocated on a defined basis.

## 4b Investment management expenses

	2013/14	2014/15
	£000	£000
External management fees - invoiced	72	59
External management fees - deducted from capital	61	60
Transaction costs	2	-
Employee costs	24	25
Engagement and voting fees	2	2
Performance measurement fees	2	5
Investment consultancy fees	1	-
The City of Edinburgh Council - other support costs	3	5
Custodian fees	18	18
System costs	4	4
Legal fees	-	2
Office costs	1	2
Sundry costs	1	2
	191	184

Any indirect costs incurred through the bid-offer spread on some pooled investment vehicles are reflected in the cost of investment acquisitions or in the proceeds of investment sales (see note 7a - Reconciliation of movements in investments).

The Fund has not incurred any performance-related investment management fees in 2014/15 or 2013/14.

## 4c Management expenses

	2013/14	2014/15
	£000	£000
Administrative costs	52	40
Investment management expenses	171	159
Oversight and governance costs	25	54
	248	253

This analysis of costs for the Scottish Homes Pension Fund has been prepared in accordance with CIPFA guidance. The analysis looks at the combined Administration and Investment expenses in note 4a and b and splits out the costs to include a third heading covering Oversight and governance.

# Notes to the Accounts

5 Investment income	2013/14 £000	2014/15 £000
Income from fixed interest securities	-	250
Property pooled investment income	326	308
Interest on cash deposits	13	11
	339	569
Irrecoverable withholding tax	-	-
	339	569

6 Net investment assets	31 March 2014 £000	31 March £000
<b>Investment Assets</b>		
Fixed Interest Securities	-	54,147
Pooled investment vehicles	133,761	97,503
Deposits	-	244
<b>Other investment assets</b>		
income due	-	173
Net investment assets	133,761	152,067

## 6a Reconciliation of movement in investments

	Value at 31 March 2014 £000	Purchases at cost £000	Sales proceeds £000	Change in market value £000	Value at 31 March 2015 £000
Fixed Interest	-	49,838		4,309	54,147
Pooled investment vehicles	133,761		(56,810)	20,552	97,503
	133,761	49,838	(56,810)	24,861	151,650
<b>Other financial assets/(liabilities)</b>					
Cash deposits	-			-	244
Dividends due	-			-	173
	-			-	417
Net investment assets	133,761			24,861	152,067

	Value at 31 March 2013 £000	Purchases at cost £000	Sales proceeds £000	Change in market value £000	Value at 31 March 2014 £000
Pooled investment vehicles	138,006	21,435	(28,422)	2,742	133,761

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

Any indirect costs incurred through the bid-offer spread on some pooled investment vehicles are reflected in the cost of investment acquisitions and in the proceeds from sales and are therefore included in the tables above.

# Notes to the Accounts

## 6b Analysis of Investments (at market value)

### Fixed income

Public sector index linked gilts quoted

2013/14	2014/15
£000	£000

-	54,147
---	--------

### Pooled investment vehicles

UK managed funds - property

6,960	7,875
-------	-------

UK managed funds - other

126,801	89,628
---------	--------

133,761	151,650
---------	---------

## 6c Investment managers and mandates

Manager	Mandate	Market value at 31 March 2014		Market value at 31 March 2015	
		£000	% of total funds	£000	% of total funds
State Street	UK equity	8,777	6.6	9,199	6.0
State Street	N American equities	12,596	9.4	12,575	8.3
State Street	European equities	8,171	6.1	8,580	5.6
State Street	Pacific (ex Jpn) equities	3,225	2.4	3,544	2.3
State Street	Japanese equities	4,149	3.1	5,264	3.5
State Street	Emerging mkts equities	3,048	2.3	3,449	2.3
Total overseas equities		31,189	23.3	33,412	22.0
In-house	UK index-linked gilts	-	-	54,564	35.9
State Street	UK fixed interest gilts	17,336	13	21,362	14.0
State Street	UK index-linked gilts	69,499	51.9	25,655	16.9
Total fixed interest		86,835	64.9	101,581	66.8
Schroders	Property	6,960	5.2	7,875	5.2
Total property		6,960	5.2	7,875	5.2
Net financial assets		133,761	100	152,067	100.0

# Notes to the Accounts

## 6d Investments representing more than 5% of the net assets of the Fund or 5% of any investment class

	Market value at 31 March 2014 £000	% of total funds %	Market value at 31 March 2015 £000	% of total funds %
UK Gov 1.125% Index Linked 22/11/27	-	-	26,489	17.4
State Street UK Index Linked Gilts Over 15Y	69,498	52.0	25,655	16.9
State Street UK Conventional Gilts Over 15Y	17,336	13.0	21,362	14.0
UK Gov 1.25% Index Linked 22/11/32	-	-	16,401	10.8
State Street MPF North America Equity Index	12,596	9.4	12,575	8.3
UK Gov 1.125% Index Linked 22/11/37	-	-	11,257	7.4
State Street MPF UK Equity Index	8,777	6.6	9,199	6.0
State Street MPF Europe ex-UK Equity Index	8,171	6.1	8,580	5.6
Schroders UK Real Estate INC	6,690	5.2	7,874	5.2

## 6e Securities lending

The Fund has not participated in any securities lending arrangements in the last two years.

# Notes to the Accounts

## 7 Financial instruments

### 7a Classification of financial instruments

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the fair value amounts of financial assets and liabilities by category and net assets statement heading. No financial assets were reclassified during the accounting period.

All financial instruments are marked to market (at fair value) in the Fund's accounting records hence there is no difference between the carrying value and fair value.

	31 March 2014			31 March 2015		
	Designated as fair value through fund account	Loans and receivables	Financial liabilities at amortised cost	Designated as fair value through fund account	Loans and receivables	Financial liabilities at amortised cost
	£000	£000	£000	£000	£000	£000
<b>Financial assets</b>						
<b>Investment assets</b>						
Fixed Interest securities	-	-	-	54,147	-	-
Pooled investments	133,761	-	-	97,503	-	-
Cash	-	-	-	-	244	-
Other balances	-	-	-	-	173	-
	133,761	-	-	151,650	417	-
<b>Other assets</b>						
City of Edinburgh Council	-	175	-	-	219	-
Cash	-	2,383	-	-	2,433	-
Debtors	-	48	-	-	27	-
	-	2,606	-	-	2,679	-
<b>Assets total</b>	133,761	2,606	-	151,650	3,096	-
<b>Financial liabilities</b>						
<b>Other liabilities</b>						
Creditors	-	-	(62)	-	(26)	-
	-	-	(62)	-	(26)	-
<b>Liabilities total</b>	-	-	(62)	-	(26)	-
<b>Net assets total</b>	133,761	2,606	(62)	151,650	3,070	-
<b>Total net financial instruments</b>			136,305			154,720



# Notes to the Accounts

## 7b Net gains and losses on financial instruments

	2013/14	2014/15
	£000	£000
Designated as fair value through fund account	2,742	24,681
Loans and receivables	-	-
Financial liabilities at amortised cost	-	-
<b>Total</b>	<b>2,742</b>	<b>24,681</b>

## 7c Valuation of financial instruments carried at fair value

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values.

### Level 1

Financial instruments at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities and unit trusts. Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

### Level 2

Financial instruments at Level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

### Level 3

Financial instruments at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include unquoted equity investments, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The following table provides an analysis of the financial assets and liabilities of the pension fund grouped into Levels 1 to 3, based on the level at which the fair value is observable.

	31 March 2015			
	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
<b>Financial assets</b>				
Designated as fair value through fund	97,503	54,147	-	151,650
Loans and receivables	3,096	-	-	3,096
<b>Total financial assets</b>	<b>100,599</b>	<b>54,147</b>	<b>-</b>	<b>154,746</b>
<b>Financial liabilities</b>				
Designated as fair value through fund				
Financial liabilities at amortised cost	(26)	-	-	(26)
<b>Total financial liabilities</b>	<b>(26)</b>	<b>-</b>	<b>-</b>	<b>(26)</b>
<b>Net financial assets</b>	<b>100,573</b>	<b>54,147</b>	<b>-</b>	<b>154,720</b>

# Notes to the Accounts

	31 March 2014			
	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
<b>Financial assets</b>				
Designated as fair value through fund account	133,761	-	-	133,761
Loans and receivables	2,606	-	-	2,606
Total financial assets	136,367	-	-	136,367
<b>Financial liabilities</b>				
Designated as fair value through fund account	-	-	-	-
Financial liabilities at amortised cost	(62)	-	-	(62)
Total financial liabilities	(62)	-	-	(62)
Net financial assets	136,305	-	-	136,305

## 8 Nature and extent of risk arising from financial instruments

### Risk and risk management

The Fund's primary aim is to ensure that all members and their dependants receive their benefits when they become payable. The funding objective is outlined in the guarantee document, agreed by the Administering Authority, the Scottish Government and the Fund's Actuary.

Responsibility for the Fund's overall investment strategy rests with the Pensions Committee. The Investment Strategy Panel and the internal investment team monitor investment risks on a regular basis. Investment risk management tools are used to identify and analyse risks faced by the Fund's investments.

### Types of investment risks

There are various ways of considering investment risks for pension funds. For the purposes of this note, investment risk is the potential for an investor to experience losses from falls in the prices of investments. All financial instruments, including cash deposits, present a risk of loss of capital and risks vary depending on different asset classes.

Investment risk also changes over time as economic conditions and investor sentiment change. The Fund considers overall fluctuations in prices arising from a variety of sources: market risk, foreign exchange risk, interest rate risk, credit risk, etc. The different risks may, to some extent, offset each other.

The overall market risk of the Fund depends on the actual mix of assets and encompasses all the different elements of risk.

The Fund manages these risks in a number of ways:

- assessing and establishing acceptable levels of market risk when setting overall investment strategy. Importantly, risk is considered relative to the liabilities of the Fund
- diversification of investments in terms of type of asset, geographical and industry sectors as well as individual
- taking stewardship responsibilities seriously and pursuing constructive engagement with the companies in which the Fund invests
- monitoring market risk and market conditions to ensure risk remains within tolerable levels.

The Fund may use equity futures contracts from time to time to manage market risk. Exchange traded options are not used by the Fund.

# Notes to the Accounts

## Sensitivity analysis

Asset prices have a tendency to fluctuate. The degree of such fluctuation is known as “volatility” and it differs by asset class. The table below sets out the long-term volatility assumptions used in the Fund’s asset-liability modelling:

Asset type	Potential price movement (+ or -)
Equities - Developed Markets	20.0%
Equities - Emerging Markets	30.0%
Fixed interest gilts	10.5%
Index-linked gilts	8.5%
Property	13.0%

Volatility is the standard deviation of annual returns. Broadly speaking, in two years out of three, the asset’s change in value (which could be a gain or a loss) is expected to be lower than the volatility figure, but in one year out of three, the change in value is expected to be higher than the volatility figure.

Asset classes don’t always move in line with each other. The extent to which assets move together is known as their “correlation”. A lower correlation means that there is less risk of assets losing value at the same time. The overall Fund benefits from “diversification” because it invests in numerous different asset classes, which don’t all move in line with each other. Consequently, the aggregate risk at the Fund level is less than the total risk from all the individual assets in which the Fund invests.

The following table shows the risks at the asset class level and the overall Fund level.

Asset type	Value			Value on increase £000	Value on decrease £000
	at 31 March 2015 £000	% of fund %	Change + / - %		
Equities - Developed Markets	39,162	25.7	20.0	46,994	31,330
Equities - Emerging Markets	3,449	2.3	30.0	4,484	2,414
Fixed Interest Gilts	25,655	16.9	10.5	28,349	22,961
Index-Linked Gilts	75,926	49.9	8.5	82,380	69,472
Property	7,875	5.2	13.0	8,899	6,851
Total [1]	152,067	100.0	12.5	171,106	133,028
Total [2]			9.4	166,361	137,773
Total [3]			7.1	162,864	141,270

[1] No allowance for correlations between assets

[2] Including allowance for correlations between assets

[3] Including allowance for correlations between assets and liabilities

The value on increase/decrease columns illustrates the monetary effect of the volatility. The actual annual change in value is expected to be lower than this in two years out of three, but higher in one year out of three.

It can be seen that the risk to the overall Fund assets [2] is lower than the total of the risks to the individual assets [1].

# Notes to the Accounts

However, because the purpose of a pension scheme is to make payments to scheme beneficiaries, the true risk of a pension scheme is not measured in absolute terms, but relative to its liabilities [3]. The risk is lower than the absolute asset risk, due to the impact of correlation with the discount rate used to value the liabilities.

## Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit risk in their pricing and consequently the risk of loss is implicitly provided for in the value of the funds assets and liabilities (as outlined in Market Risk above).

In essence, the Fund's entire investment portfolio is exposed to some sort of credit risk. However through the selection of counterparties, brokers and financial institutions the Fund reduces the credit risk that may occur through the failure to settle a transaction in a timely manner.

Cash deposits are a major area of credit exposure where credit risk is not reflected in market prices.

## Cash deposits

At 31 March 2015 cash deposits represented £2.7m, 1.7% of total net assets. This was held as follows:

	Moody's Credit Rating at 31 March 2015	Balances at 31 March 2014 £000	Balances at 32 March 2015 £000
<b>Held for investment purposes</b>			
Northern Trust Company - cash deposits	A1	-	244
Total investment cash		-	244
<b>Held for other purposes</b>			
The City of Edinburgh Council - treasury management	See below	2,383	2,433
Total cash		2,383	2,677

The majority of cash deposits of the Fund are managed along with those of the administering authority (The City of Edinburgh Council) and other related organisations which are pooled for investment purposes as a treasury cash fund. Management of the cash fund is on a low risk basis, with security of the investments the key consideration while at the same time seeking innovative and secure cash investment opportunities.

As well as lending monies to other local authorities, the Council has purchased UK Government Treasury Bills as well as Bonds and Floating Rate Notes with an explicit UK Government Guarantee.

# Notes to the Accounts

The Fund's cash holding under its treasury management arrangements at 31 March 2015 was held with the following institutions:

	Moody's Credit Rating at 31 March 2015	Balances at 31 March 2014 £000	Balances at 31 March 2015 £000
Money market funds			
Deutsche Bank AG, London	Aaa	314	357
Goldman Sachs	Aaa	175	357
Bank call accounts			
Bank of Scotland	A1	217	230
Royal Bank of Scotland	Baa1	82	32
Santander UK	A2	225	223
Barclays Bank	A2	219	233
Svenska Handelsbanken	Aa3	337	363
HSBC Bank	Aa3	325	355
Commonwealth Bank of Australia	Aa2	-	94
Floating Rate Note			
Rabobank	Aa2	-	63
Building society fixed term deposits			
Nationwide Building Society	A2	108	63
UK pseudo-sovereign risk instruments			
Other Local Authorities [1]	n/a	273	-
UK Government Treasury Bills	Aa1	108	63
		2,383	2,433

[1] Very few Local Authorities have their own credit rating but they are generally assumed to have a pseudo-sovereign credit rating (which in the UK at 31 March 2014 was 'Aa1'). Of the £273k above, £119k was with a local authority which had a 'Aa2' credit rating from Moody's.

No breaches of the Council's counterparty criteria occurred during the reporting period and the Fund does not expect any losses from non-performance by any of its counterparties in relation to deposits.

## Liquidity risk

Liquidity risk reflects the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund therefore ensures that there is adequate cash and liquid resources to meet its commitments. Cashflow projections are prepared on a regular basis to understand and manage the timing of the Fund's cashflow.

The majority (estimated to be approximately 94%) of the Fund's investments could be converted to cash within three months in a normal trading environment.

## Refinancing risk

Refinancing risk is the risk that the Fund will be bound to replenish a significant proportion of its pension fund financial instruments at a time of unfavourable interest rates. The Fund is not bound by any obligation to replenish its investments and hence is not exposed to refinancing risk.

# Notes to the Accounts

## 9 Actuarial statement

The Fund Actuary has provided a statement describing the funding arrangements of the Fund. This can be found at the end of this section.

## 10 Actuarial present value of promised retirement benefits

The actuarial value of promised retirement benefits at the accounting date, calculated in line with International Accounting Standard 19 (IAS19) assumptions, is estimated to be £141m (2014 £138m). This figure is used for statutory accounting purposes by Scottish Homes Pension Fund and complies with the requirements of IAS26. The assumptions underlying the figure match those adopted for the Administering Authority's FRS17/IAS19 reports at each year end.

The figure is only prepared for the purposes of IAS26 and has no validity in other circumstances. In particular, it is not relevant for calculations undertaken for funding purposes and setting contributions payable to the Fund.

### Financial assumptions

	31 March 31 March 2014	31 March 2015
	% p.a.	% p.a.
Inflation / pensions increase rate	2.6	2.1
Discount rate	4.1	3.1

### Longevity assumptions

The life expectancy assumption is based on Fund specific statistical analysis with improvements from 2011 in line with Medium Cohort and a 1.25% p.a. underpin. Based on these assumptions, the average future life expectancies, in years, at age 65 are summarised below:

	Males	Females
Current pensioners	24.5 years	25.4 years
Future pensioners (assumed to be aged 45 as at 31 March 2014)	26.8 years	28.6 years

These assumptions have changed since the previous IAS26 disclosure of the Fund.

### Commutation assumption

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2009 service and 75% of the maximum tax-free cash for post-April 2009 service.

## 11 Debtors

	31 March 2014	31 March 2015
	£000	£000
Sundry debtors	48	27
	48	27
Analysis of debtors		
Administering Authority	1	1
Scottish Government	20	-
Other entities and individuals	27	26
	48	27

# Notes to the Accounts

## 12 Creditors

	31 March 2014 £000	31 March 2015 £000
Benefits payable	39	5
Miscellaneous creditors and accrued expenses	23	21
	62	26
Analysis of creditors		
Other entities and individuals	62	26
	62	26

### Additional Voluntary

## 13 Contributions

As the Fund has no active members, there are no AVC arrangements provided.

## 14 Related party transactions

### The City of Edinburgh Council

Lothian Pension Fund, the Lothian Buses Pension Fund and the Scottish Homes Pension Fund are administered by the City of Edinburgh Council. Consequently there is a strong relationship between the Council and the pension funds.

The Investment and Pensions Division of the Council is responsible for administering the three pension funds. The Division receives an allocation of the overheads of the Council, which is based on the amount of central services consumed. In turn, the Division allocates its costs to the three funds. Costs directly attributable to a specific fund are charged to the relevant Fund; costs that are common to all three funds are allocated on a defined basis.

Transactions between the Council and the Fund are managed via a holding account. Each month the Council is paid a cash sum leaving a working balance in the account to cover the month's pension payroll costs and other expected costs.

	31 March 2014 £000	31 March 2015 £000
Year end balance on holding account	175	219

Part of the Fund's cash holdings are invested on the money markets by the treasury management operations of the Council, through a service level agreement. During the year to 31 March 2015, the Fund had an average investment balance of £2.5m (2014 £2.3m). Interest earned was £11.5k (2014 £12.3k).

	31 March 2014 £000	31 March 2015 £000
Year end balance on treasury management account		
Held for investment purposes	-	-
Held for other purposes	2,383	2,433
	2,383	2,433

# Notes to the Accounts

## Office accommodation - 144 Morrison Street, Edinburgh

Investment and Pensions Division of the Council has entered into an internal agreement with the Council for the provision of office accommodation at 144 Morrison Street in Edinburgh. The terms of the agreement are equivalent to those that would have been obtained had the accommodation been let on a commercial basis. In the accounts of the Fund the arrangement has been treated as a operational lease. The agreement was effective from November 2013. The Investment and Pensions Division is committed to making the following future payments.

	31 March 2014 £000	31 March 2015 £000
Within one year	-	-
Between one and five years	157	272
After five years	1,222	1,107
	1,379	1,379
Recognised as an expense during the year	33	91

The above expense has been allocated across the three pension funds. Scottish Homes Pension Fund's share is £2.2k.

## Key management personnel

During the period from 1 April 2014 to the date of issuing of these accounts, a number of employees of the City of Edinburgh Council and its wholly owned subsidiary, LPFE Limited, held key positions in the financial management of the Lothian Pension Fund. With effect from 1 May 2015, all the employees listed below, with the exception of the Director of Corporate Governance, were employed by LPFE Limited. These employees and their financial relationship with the Fund (expressed as cash-equivalent transfer values or CETV) are set out below:

Name	Position held	Accrued CETV as at 31 March 2014 £000	Accrued CETV as at 31 March 2015 £000
Alastair Maclean*	Director of Corporate Governance	115	141
Clare Scott	Investment and Pensions Service Manager	126	147
Struan Fairbairn	Legal and Risk Manager	9	19
John Burns	Pensions and Accounting Manager	386	426
Esmond Hamilton	Financial Controller	119	138
Bruce Miller	Investment Manager	112	139

\* Also disclosed in the financial statements of the City of Edinburgh Council.

## 15 Contingent liabilities and contractual commitments

There were no contingent liabilities or contractual commitments at the year end.



# Notes to the Accounts

## **16 Contingent assets**

There were no contingent assets at the year end.

## **17 Impairment losses**

No impairment losses have been identified during the year.

# Scottish Homes Pension Fund

## Actuarial Statement for 2014/15

This statement has been prepared in accordance with Regulation 31A(1)(d) of the Local Government Pension Scheme (Scotland) (Administration) Regulations 2008, and Chapter 6 of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the UK 2014/15. It has been prepared at the request of the Administering Authority of the Fund for the purpose of complying with the aforementioned regulation.

### Description of Funding Policy

The administering authorities Funding Strategy Statement, dated March 2015, states that a bespoke funding strategy has been adopted for the Fund.

The strategy aims for the Fund to be 100% solvent by 2044 using a discount rate based on government bonds. It includes target funding levels at each actuarial valuation. Contributions from the Scottish Government are determined by reference to the target funding levels. The deficit recovery period is 8 years.

The Funding strategy is designed to reduce investment risk as the Fund is closed to new members and the liabilities will mature over the time, with a reducing allocation to equities over time reflecting the requirements of the Scottish Government to lock away any surpluses that may occur over time by accelerating the transfer into bonds.

### Funding Position as at the last formal funding valuation

The most recent actuarial valuation carried out under Regulation 32 of the Local Government Pension Scheme (Scotland) (Administration) Regulations 2008 was as at 31 March 2014. This valuation revealed that the Fund's assets, which at 31 March 2014 were valued at £136 million, were sufficient to meet 89% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting deficit at the 2014 valuation was £17 million.

The Guarantor's contributions for the period 1 April 2015 to 31 March 2018 were set in accordance with the Fund's funding policy as set out in its FSS.

### Principal Actuarial Assumptions and Method used to value the liabilities

Full details of the methods and assumptions used are described in the valuation report dated 4 December 2014.

#### Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date

#### Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial assumptions adopted for the 2014 valuation were as follows:

Assumption	Description
Price Inflation (CPI) (deferreds and pensioners)	Bank of England implied inflation (RPI) curve less 0.8% p.a
Discount rate (deferreds and pensioners)	Bank of England nominal yield curve

## Actuarial Statement for 2014/15

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI\_2012 model, assuming the current rate of improvements has reached a peak and will converge to long term rate of 1.25% p.a.. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	24.5 years	25.4 years
Future Pensioners*	26.8 years	28.6 years

\*Future pensioners are assumed to be aged 45 at the 2014 valuation

Copies of the 2014 valuation report and Funding Strategy Statement are available on request from The City of Edinburgh Council, the Administering Authority to the Fund.

### Experience over the period since April 2014

The administering authority monitors the funding position on a regular basis as part of its risk management programme. At the time of writing the funding level is estimated to be 92%, an increase of 3% since the formal funding valuation at 31 March 2014.

The next actuarial valuation will be carried out as at 31 March 2017. The Funding Strategy Statement will also be reviewed at that time.

**Richard Warden FFA**

**Fellow of the Institute and Faculty of Actuaries**

**For and on behalf of Hymans Robertson LLP**

**1 June 2015**

# Statement of accounting policies and general notes

## 1 Basis of preparation

The Statement of Accounts summarises the transactions of the Funds for the 2014/15 financial year and their position at year-end as at 31 March 2015. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Funds and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present values of promised retirement benefits, valued on an International Accounting Standard (IAS) 19 basis, are disclosed in the Notes to the Accounts.

## 2 Summary of significant accounting policies

### Fund account - revenue recognition

#### a) Contribution income

Normal contributions, both from the members and from employers, are accounted for on an accruals basis at the rate recommended by the Scheme Actuary in the payroll period to which they relate.

Employer deficit funding contributions are accounted for on the due date on which they are payable under the scheme actuary.

Employers' pensions strain contributions are accounted for in the period in which the liability arises. Any amount due but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

#### b) Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations.

Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In.

Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

#### c) Investment income

##### i) Interest income

Interest income is recognised in the fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination. Income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.

##### ii) Dividend income

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

##### iii) Distributions from pooled funds

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

# Statement of accounting policies and general notes

## iv) Income from unquoted private equity and infrastructure investments

Income from the above sources is recognised when it is notified by the manager. Distributions are split into capital and income elements with the latter being included under investment income in the Fund Account.

## v) Property related income

Property-related income consists primarily of rental income. Rental income from operating leases on properties owned by the fund is recognised on a straight-line basis over the term of the lease. Any lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Rental income is reported gross with the operational costs of the properties included in investment management expenses.

Contingent rents based on the future amount of a factor that changes other than with the passage of time, such as turnover rents, are only recognised when contractually due.

## vi) Movement in the net market value of investments

Changes in the net market value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

### Fund account - expense items

## d) Benefits payable

Pensions and lump sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

## e) Taxation

The Local Government Pension Scheme is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

## f) Administrative expenses

All administrative expenses are accounted for on an accruals basis. The Investment and Pensions Division of the Council is responsible for administering the three Pension Funds. The Division receives an allocation of the overheads of the Council, this is based on the amount of central services consumed. In turn, the Division allocates its costs to the three Pension Funds.

Costs directly attributable to a specific Fund are charged to the relevant Fund. Investment management costs that are common to all three Funds are allocated in proportion to the value of the Funds as at the end of the year. Other administration costs are allocated in proportion to the number of members in each of the Funds at the end of the year.

## g) Investment management expenses

All investment management expenses are accounted for on an accruals basis.

Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change. For some investment managers, an element of their fee is performance related. The amount of any performance related fees paid is disclosed in the note to the accounts on investment management expenses provided for each Fund.

# Statement of accounting policies and general notes

The cost of administering the Local Government Pension Scheme in the UK has come under increasing scrutiny in recent years. As a result, the decision to recognise investment management costs that are deducted from the value of an investment and recognised this as a cost in the Fund Account rather than as a reduction in the change in market value of investments. Investment transaction costs that are added to an investment purchase price or deducted from the proceeds of a sale are also recognised as a cost in the Fund Account rather than as a reduction in the change in market value of investments. Both categories of expense are disclosed separately in the notes to the accounts of each of the Funds under investment management expenses.

Any indirect costs incurred through the bid-offer spread on some pooled investment vehicles are not treated as an expense. Such costs are accounted for as part of the acquisition costs or sale proceeds.

The cost of obtaining investment advice from external consultants is included in investment management charges.

The costs of the in-house fund management team are charged to the Funds. The basis of allocation is as described section f) above.

## h) Operating lease

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the term of the lease. In accordance with SIC 15, lease incentives are recognised as a reduction in the lease expense over the term of the lease on a straight-line basis.

## Net assets statement

### i) Financial assets

Financial assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of asset are recognised by the fund.

The values of investments as shown in the net assets statement have been determined as follows:

### i) Market quoted investments

The value of an investment for which there is a readily available market price is determined by the bid market price ruling on the final day of the accounting period.

### ii) Fixed interest securities

Fixed interest securities are recorded at net market value based on their current yields.

### iii) Unquoted investments

The fair value of investments for which market quotations are not readily available is determined as follows:

- valuations of delisted securities are based on the last sale price prior to delisting, or where subject to liquidation, the amount the council expects to receive on wind-up, less estimated realisation costs.
- securities subject to takeover offer – the value of the consideration offered under the offer, less estimated realisation costs.

# Statement of accounting policies and general notes

- directly held investments include investments in limited partnerships, shares in unlisted companies, trusts and bonds. Other unquoted securities typically include pooled investments in property, infrastructure, debt securities and private equity. The valuation of these pools or directly held securities is undertaken by the investment manager or responsible entity and advised as a unit or security price. The valuation standards followed in these valuations adhere to industry guidelines or to standards set by the constituent documents of the pool or the management agreement.
- investments in unquoted property and infrastructure pooled funds are valued at the net asset value or a single price advised by the fund manager.
- the values of the direct investments in unquoted private equity, infrastructure, timber and real estate are based on valuations provided by the general partners to the funds in which the Fund has invested. These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines or similar guidelines provided by the British Venture Capital Association, which follow the valuation principles of IFRS. The valuations are usually undertaken at the end of December. Cash flow adjustments are used to roll forward the valuations to 31 March as appropriate.

#### iv) Pooled investment vehicles

Pooled investment vehicles are valued at closing bid price if both bid and offer prices are published; or if single priced, at the closing single price. In the case of pooled investment vehicles that are accumulation funds, change in market value also includes income which is reinvested in the fund, net of applicable withholding tax.

#### v) Freehold and leasehold properties

The properties were valued at open market value at 31 March 2014 by John Symes-Thompson FRICS and Genine Terry MRICS of independent external valuers CB Richard Ellis Ltd in accordance with the Royal Institute of Chartered Surveyors' - Professional Standards (2012) ("the Red Book"). The valuer's opinion of market value and existing use value was primarily derived using comparable recent market transactions on arm's-length terms.

#### j) Foreign currency transactions and balances

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of the transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

#### k) Derivatives

Derivative contract assets are fair valued at bid prices and liabilities are fair valued at offer prices. Changes in the fair value of derivative contracts are included in change in market value.

The value of futures contracts is determined using exchange prices at the reporting date. Amounts due from or owed to the broker are the amounts outstanding in respect of the initial margin and variation margin. The future value of forward currency contracts is based on market forward exchange rates at the year-end date and determined as the gain or loss that would arise if the outstanding contract were matched at the year-end with an equal and opposite contract.

#### l) Cash and cash equivalents

Cash comprises cash in hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

# Statement of accounting policies and general notes

## m) Financial liabilities

The Funds recognise financial liabilities at fair value as at the reporting date. A financial liability is recognised in the net assets statement on the date the fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised.

## n) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits of each of the Funds is assessed on an annual basis by the Scheme Actuary in accordance with the requirements of IAS 19 and relevant actuarial standards.

As permitted under IAS 26, the Funds have opted to disclose the actuarial present value of promised retirement benefits by way of a note to the net assets statements.

## o) Additional voluntary contributions

The Lothian Pension Fund and Lothian Buses Pension Fund provide an additional voluntary contributions (AVC) scheme for their members, the assets of which are invested separately from those of the Funds. The Funds have appointed Standard Life and Prudential as their AVC providers. AVCs are paid to the AVC providers by employers and are specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year.

In accordance with regulation 5(2)(b) of the Local Government Pension Scheme (Management and Investment of Funds) (Scotland) Regulations 1998, AVCs are not included in the pension fund financial statements. Details of contributions paid and the total value of funds invested are disclosed by way of note.

## 3 Accounting Standards that have been issued but not yet adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2014/15 Code:

- IFRS 7 Financial Instruments: Disclosure
- IFRS 9 Financial Instruments
- IFRS 13 Fair Value Measurement
- IAS 1 Presentation of Financial Statements
- IAS 19 Employee Benefits

The IFRS and IAS improvements are generally minor, principally providing clarification. Overall, these new or amended standards are not expected to have a significant impact on the financial statements.

## 4 Critical judgements in applying accounting policies Unquoted private equity and infrastructure investments

It is important to recognise the highly subjective nature of determining the fair value of private equity and infrastructure investments. They are inherently based on forward-looking estimates and judgements involving many factors. These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines or similar guidelines provided by the British Venture Capital Association, which follow the valuation principles of IFRS.



# Statement of accounting policies and general notes

For the Lothian Pension Fund, the value of unquoted private equity, infrastructure and timber investments at 31 March 2015 was £564.2m (2014 £527.2m).

For the Lothian Buses Pension Fund, the value of unquoted private equity, infrastructure and timber investments at 31 March 2015 was £15.9m (2014 £11.3m).

## Actuarial present value of promised retirement benefits

Each Fund is required to disclose the estimated actuarial present value of promised retirement benefits as at the end of the financial year. These estimates are prepared by the Fund's Actuary. These values are calculated in line with International Accounting Standard 19 (IAS19) assumptions and comply with the requirements of IAS26. However, the results are subject to significant variances based on changes to the underlying assumptions.

The figures are only prepared for the purposes of IAS26 and has no validity in other circumstances. In particular, it is not relevant for calculations undertaken for funding purposes and setting contributions payable to the Fund.

## 5 Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contain estimated figures that are based on assumptions made by the Council; private equity and infrastructure managers; other providers of valuation information; and the Scheme Actuary about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the net assets statement at 31 March 2015 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

### a) Actuarial present value of promised retirement benefits

#### Uncertainties

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. The Fund Actuary advises on the assumptions to be applied and prepares the estimates.

#### Effect if actual results differ from assumptions - Lothian Pension Fund

The effects on the net pension liability of changes in individual assumptions can be illustrated as follows:

Change in assumptions - year ended 31 March 2015	Approx % increase in liabilities %	Approx monetary amount £m
0.5% decrease in discount rate	11	706
1 year increase in member life expectancy	3	200
0.5% increase in salary increase rate	4	251
0.5% increase in pensions increase rate	7	436

# Statement of accounting policies and general notes

## Effect if actual results differ from assumptions - Lothian Buses Pension Fund

The effects on the net pension liability of changes in individual assumptions can be illustrated as follows:

Change in assumptions - year ended 31 March 2015	Approx % increase in liabilities %	Approx monetary amount £m
0.5% decrease in discount rate	11	42
1 year increase in member life expectancy	3	12
0.5% increase in salary increase rate	4	14
0.5% increase in pensions increase rate	7	27

## Effect if actual results differ from assumptions - Scottish Homes Pension Fund

The effects on the net pension liability of changes in individual assumptions can be illustrated as follows:

Change in assumptions - year ended 31 March 2015	Approx % increase in liabilities %	Approx monetary amount £m
0.5% decrease in discount rate	6	8
1 year increase in member life expectancy	3	4
0.5% increase in pensions increase rate	6	8

## b) Valuation of unquoted private equity and infrastructure investments Uncertainties

These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.

### Effect if actual results differ from assumptions

There is a risk that these investments may be under or overstated in the accounts at any point in time. The actual financial return of this type of investment is only known with certainty when they reach the end of their lifecycles and the final distributions are made to investors.

## c) Quantifying the cost of investment fees deducted from capital Uncertainties

Section g) above describes the accounting policy for investment management expenses in relation to expenses deducted from the capital value of investments. Quantification of these costs involves asking the relevant managers for information and only some of this information can be independently verified. In cases where the charges relate to an investment as a whole, an estimate needs to be made of the costs applicable to the holding owned by the relevant Fund.

### Effect if actual results differ from assumptions

There is a risk that the cost of investment fees deducted from capital may be under or overstated. However, as the costs are included in the fund account by adjusting the change in market value of investments, any inaccuracy in the cost estimate will not change the reported net change in the fund for the year.

# Statement of responsibilities for the Statement of Accounts

The Administering Authority's responsibilities require it to:

- make arrangements for the proper administration of the financial affairs of the pension funds in its charge and to secure that one of its officers has the responsibility for the administration of those affairs. The Head of Finance serves as the Section 95 Officer for all of the Council's accounting arrangements, including those of the Lothian Pension Funds. For the Lothian Pension Funds, however, this Section 95 responsibility has been delegated to the Pensions and Accounting Manager.
- manage its affairs to secure economic, efficient and effective use of its resources and safeguard its assets.

The Pensions and Accounting Manager is responsible for the preparation of the Pension Funds' statement of accounts which, in terms of the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 (the Code of Practice), is required to present a true and fair view of the financial position of the Pension Funds at the accounting date and their income and expenditure for the year (ended 31 March 2015).

In preparing this statement of accounts, the Pensions and Accounting Manager has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the Code of Practice.

The Pensions and Accounting Manager has also:

- kept proper accounting records which were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Statement of Accounts presents a true and fair view of the financial position of the Pension Funds as at 31 March 2015, and their income and expenditure for the year ended 31 March 2015.

**JOHN BURNS, FCMA CGMA**

Pensions and Accounting Manager

24 June 2015

# Annual Governance Statement

## Scope of Responsibility

The City of Edinburgh Council is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently, effectively and ethically. The Council also has a statutory duty under the Local Government in Scotland Act 2003, to make arrangements to secure best value, which is defined as continuous improvement in the way its functions are carried out.

In discharging these responsibilities, elected members and senior officers are responsible for implementing effective arrangements for governing the Council's affairs, and facilitating the effective exercise of its functions, including arrangements for the management of risk.

To this end, the Council has adopted a Local Code of Corporate Governance that is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) framework 'Delivering Good Governance in Local Government'. This statement explains how the City of Edinburgh Council delivers good governance and reviews the effectiveness of those arrangements.

This statement explains how the Council has complied with the Local Code of Corporate Governance and how it meets the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.

## The Governance Framework

The governance framework comprises the systems, processes, cultures and values by which the Council is directed and controlled. It also describes the way it engages with, accounts to and leads its communities. It enables the Council and Lothian Pension Fund, Lothian Buses Pension Fund and Scottish Homes Pension Fund (the "Funds") to monitor the achievement of their objectives and consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The Council's Local Code of Corporate Governance is supported by evidence of compliance which is regularly reviewed and considered by the Governance, Risk & Best Value Committee.

The Council has implemented arrangements for monitoring each element of the framework and providing evidence of compliance. The framework is intended to meet the principles of effective governance.

The Funds place reliance upon the internal financial controls within the Council's financial systems and the monitoring in place to ensure the effectiveness of these controls. The relevant key elements of the Council's corporate governance framework, with specific additional reference as appropriate to the arrangements for the Funds, are set out below:

- The Council's key corporate vision and priorities are set out and published in the City of Edinburgh Council Business Plan 2015-2018.
- The Council's revenue budget framework underpins the Council's long term financial plan and strategic planning framework, enabling it to manage expected future costs and service demands, aligning service delivery to the Council's Transformation and Improvement Plan to address these demands and deliver best value from available resources.
- The Corporate Programme Office provides a single and central structure with oversight of all significant Council projects over £5 million.
- A performance management framework, incorporating internal and public performance reporting, enables the Council to regularly report performance in achieving its key corporate objectives.

# Annual Governance Statement

- The submission of reports, findings and recommendations from Audit Scotland, the external auditor, other inspectorates and internal audit, to the Corporate Leadership Group, Governance, Risk and Best Value Committee and Council, and to the Pensions Committee and Pensions Audit Sub-Committee for all matters affecting the Funds, where appropriate, supports effective scrutiny and service improvement activities.
- The roles and responsibilities of Elected Members and Officers are defined in Procedural Standing Orders, Committee Terms of Reference and Delegated Functions, Contract Standing Orders, Scheme of Delegation to Officers, the Member/officer protocol and Financial Regulations. These are subject to annual review.
- The Chief Executive has overall responsibility to Council, as head of paid service, for all aspects of operational management.
- The Director of Corporate Governance has overall responsibility for ensuring the continued development and improvement of systems and processes concerned with ensuring appropriate direction, accountability and control.
- The Head of Finance as section 95 Officer has overall responsibility for ensuring appropriate advice is given to the Council on all financial matters, keeping proper financial records of accounts and maintaining an effective system of internal financial control. For the Funds, the Section 95 officer has sub-delegated responsibility to the Pensions and Accounting Manager.
- The Chief Internal Auditor has overall responsibility to review, appraise and report to management and the Governance, Risk and Best Value Committee, and for pension fund matters to the Pensions Committee and Pensions Audit Sub-Committee, on the adequacy of the Council's internal control and corporate governance arrangements and on risks relating to approved policies, programmes and projects.
- The Director of Corporate Governance has responsibility for advising the Council on corporate governance arrangements.
- The Governance, Risk and Best Value Committee, and for pension fund matters, the Pensions Committee and Pensions Audit Sub-Committee, provides the Council with independent assurance of the adequacy of the governance and risk management frameworks and internal control environment. It also provides independent scrutiny of the Council's financial and non-financial performance, approves and monitors the progress of the Internal Audit risk based plan, and monitors performance of the internal audit service.
- The risk management policy and framework set out the responsibilities of elected members, Governance, Risk and Best Value Committee, and for pension fund matters, the Pensions Committee and Pensions Audit Sub-Committee, management and staff for the identification and management of risks to corporate and service related priorities;
- The Community Risk Register, Council Risk Register and Service area risk registers identify risks and proposed treatment or actions. These registers are regularly reviewed, updated and reported to the Corporate Leadership Group, which reviews Council-wide risk and reports to the Governance, Risk and Best Value Committee for scrutiny and challenge.
- Resilience and business continuity plans are in place for all essential Council services. These set out arrangements for continuing to deliver essential services in the event of an emergency or other disruption.
- Senior management and heads of service have formal objectives, with performance reviewed by the appropriate chief officer. Officers have personal work objectives, and receive feedback on their performance through the Council-wide performance review and development process.
- An Elected Members remuneration and expenses scheme is in place and is consistent with the Scottish Government's 'Councillors Remuneration: allowances and expenses – Guidance'. Information on the amounts and composition of elected members salaries, allowances and expenses is published on the Council's website.
- The Council's Director of Corporate Governance ensures that induction training on roles and responsibilities, and ongoing development opportunities, are provided for Elected Members.
- Codes of Conduct that set out the standards of behaviour expected from Elected Members and officers are in place.

# Annual Governance Statement

- The Employee Code of Conduct, Anti Bribery Policy and Policy on Fraud Prevention set out the responsibilities of officers and Elected Members in relation to fraud and corruption, and are reinforced by the Councillors' Code of Conduct, the Code of Ethical Standards and the Financial Regulations.
- The Whistleblowing policy provides a process for disclosure in the public interest about the Council and its activities by officers, Elected Members and others.
- A Register of Members' Interests and Registers of Officers' interests are maintained and available for public inspection.
- Identifying the objectives of the Funds in the Funding Strategy Statement, Statement of Investment Principles and Service Plan;
- A systematic approach to monitoring service performance by the Pensions Committee, Pensions Audit Sub-Committee, senior officers and stakeholders, including the Consultative Panel and Independent Professional Observer;
- A structured programme to ensure that Pensions Committee members have the required standard of knowledge and understanding of Local Government Pension Scheme matters;
- Operating within clearly established investment guidelines defined by the Local Government Pension Scheme Investment Regulations and the Funds' Statement of Investment Principles;
- Compliance with the CIPFA Principles for Investment Decision Making in the Local Government Pension Scheme on investment;
- With the exception of managed funds, unlisted investments and property, all investments are held under custody by a global custodian. The Funds benefit from the custodian's extensive internal control framework; and
- Benchmarking of services in terms of quality and cost against other pension funds.

A significant element of the governance framework is the system of internal controls, which is based on an ongoing process to identify and prioritise risks to the achievement of the Council's objectives, including those relevant to the Funds. Following the establishment of the wholly-owned subsidiary company, LPFE Limited, the Council continues to have appropriate assurance processes and procedures in relation to the responsible officers involved in the administration of the Funds.

## Review of Effectiveness

The Local Code of Governance details the Council's arrangements for monitoring each element of the framework and providing evidence of compliance. The Council's Director of Corporate Governance has reviewed the effectiveness of the Code and will report the result to the Governance, Risk and Best Value Committee in August 2015.

The Internal Audit Section operates in accordance with CIPFA's Code of Practice for Internal Audit. The Section undertakes an annual work programme based on agreed audit strategy and formal assessments of risk that are reviewed regularly. During the year, the Chief Internal Auditor reported to the Head of Legal, Risk and Compliance but had free access to the Chief Executive, all directors and elected members along with reporting directly to the Governance, Risk and Best Value Committee.

The review of the effectiveness of the governance framework is informed by:

- The work of the Corporate Leadership Group which develops and maintains the governance environment;
- The certified annual assurance statements provided by all directors;
- The certified assurance statements provided by the Chief Executives and Directors of Finance of the Council's Group companies, together with the work of each company's respective external (and where applicable, internal) auditors;
- Council officers' management activities;
- The Chief Internal Auditor's annual report and internal audit reports, risk based, across a range of Council services;

# Annual Governance Statement

- Reports from the Council's external auditor; and
- Reports by external, statutory inspection agencies.

In compliance with standard accounting practice, the Head of Finance has provided the Chief Executive with a statement of the effectiveness of the Group's internal financial control system for the year ended 31<sup>st</sup> March 2015. It is the Head of Finance's opinion that reasonable assurance can be placed upon its effectiveness. The Pensions and Accounting Manager has provided the same in respect of the Funds.

Each service director has reviewed the arrangements in his / her service areas and reported on their assessment of the effectiveness of control arrangements, together with any potential areas requiring improvement, to the Chief Executive. Where improvement actions are identified, an action plan will be developed and subject to regular monitoring. In reviewing the overall governance framework, the Council has also considered any relevant third party reviews and recommendations

These reviews have identified that we need to continue to address:

- the mitigation of risks associated with the Council's transformation process, including structural and operating model changes;
- the Best Value audit actions: transformational change, corporate working, workforce, ICT, risk management and scrutiny, staff engagement and budget;
- the processes to ensure compliance with policies and procedures;
  
- the processes to ensure compliance with health and safety legislation, regulations and guidance;
- the implementation of actions identified in internal audit reviews;
- the implementation of all other actions identified by service directors in statements of assurance.

Accordingly, such matters relevant to the Funds will be also be progressed, including the implementation of actions identified in internal audit reviews and appropriate risk mitigation measures.

## Certification

It is our opinion based on the foregoing that reasonable assurance can be placed upon the adequacy and effectiveness of the systems of governance operated by the City of Edinburgh Council that relate to the arrangements for the Funds. The annual review has shown that, with the exception of those matters listed above, the arrangements are in place and operating as planned.

**SUE BRUCE**  
Chief Executive  
24 June 2015

**ALASTAIR MACLEAN**  
Director of Corporate Governance  
24 June 2015

**COUNCILLOR ALASDAIR RANKIN**  
Convener of Pensions Committee  
24 June 2015

# Additional information

## Key documents online

You can find further information on what we do and how we do it, on our website at [www.lpf.org.uk/policy](http://www.lpf.org.uk/policy)

- Actuarial Valuation reports
- Consultative Panel constitution
- Annual Report and Accounts
- Statement of Investment Principles
- Pension Admin strategy
- Communications strategy
- Funding Strategy Statement
- Service Plan
- Trustee training policy
- Pension Admin strategy

## Fund advisers

Actuaries:	Hymans Robertson LLP
Auditor:	David McConnell, Assistant Director of Audit, Audit Scotland
Bankers:	Royal Bank of Scotland
Investment consultancy:	KPMG LLP, Gordon Bagot and Scott Jamieson
Investment custodians:	The Northern Trust Company
Investment managers:	Details can be found in the notes to the accounts.
Additional Voluntary Contributions (AVC) managers:	Standard Life and Prudential
Property valuations:	CB Richard Ellis Ltd
Solicitors:	Dedicated in-house resource

## Comments and suggestions

We appreciate your comments and suggestions on this report. Please let us know which sections you found useful and if you have any suggestions for items to be included in the future. Please email your comments to [pensions@lpf.org.uk](mailto:pensions@lpf.org.uk)

## Accessibility

You can get this document on tape, in Braille, large print and various computer formats if you ask us. Please contact the Interpretation and Translation Service (ITS) on 0131 242 8181 and quote reference number 00819. The ITS can also give information on community language translations.

## Contact details

If you would like further information about Lothian Pension Fund, Lothian Buses Pension Fund and Scottish Home Pension Fund, please contact us.

**Email:** [pensions@lpf.org.uk](mailto:pensions@lpf.org.uk)

**Telephone:** 0131 529 4638

**Address:** Lothian Pension Fund, Atria One, 144 Morrison Street, Edinburgh EH3 8EX

**Web:** [www.lpf.org.uk](http://www.lpf.org.uk)

**Fax:** 0131 529 6229



Lothian Pension Fund  
Atria One  
144 Morrison Street  
Edinburgh  
EH3 8EX



# Internal Audit Annual Report and Opinion for the Year Ended 31 March 2015

Item number  
Report number  
Executive/routine  
Wards

## Executive summary

---

This report provides the Internal Audit Annual Report and Opinion based on Internal Audit activity undertaken for the financial year ended 31 March 2015.

This report details the scope of internal audit, the opinion for the year ended 31 March 2015 and a note on the role and limitations of internal audit. This report is prepared per the requirement set out in the Public Sector Internal Audit Standards (PSIAS).

## Links

---

Coalition pledges	P30
Council outcomes	CO25
Single Outcome Agreement	All

# Internal Audit Annual Report for the Year Ended 31 March 2015

## Recommendations

---

- 1.1 It is recommended that the Committee note the internal audit opinion for the year ended 31 March 2015.

## Background

---

- 2.1 The Public Sector Internal Audit Standards (PSIAS) requires that the Chief Internal Auditor delivers an annual opinion to the Pension Committee that can be used to inform the organisation's Annual Governance Statement. The purpose of this report is to present Internal Audit's opinion on the overall adequacy and effectiveness of the Lothian Pension Fund's framework of governance, risk management and controls, as relevant to our internal audit work performed for the financial year 1 April 2014 to 31 March 2015.
- 2.2 Whilst this report is a key element of the framework designed to inform the Annual Governance Statement, there are also a number of other important sources to which the Pension Committee should look to gain assurance. This report does not supplant the Pension's Committee's responsibility for forming their own view on governance, risk management and control.

## Main report

---

### Opinion

- 3.1 Internal Audit have not identified any fundamental weaknesses in the framework of governance, risk management and control at the Lothian Pension Fund which would put the achievement of organisational objectives at risk, nor significant non-compliance with controls that would put the achievement of organisational objectives at risk.

However, based on our work performed in the year (set out below), the management recommendations that remain outstanding at the date of this report, and the work performed during the year over governance, risk management and controls at the City of Edinburgh Council, Internal Audit considers that there are some weaknesses in the framework of governance, risk management and control which could potentially put the achievement of organisational objectives at risk if not addressed and there are some instances of non-compliance with controls that may put the achievement of organisational objectives at risk if not addressed.

We consider that addressing the matters identified will further enhance the

adequacy and effectiveness of governance, risk management and control.

- 3.2 This opinion is subject to the inherent limitations of internal audit (covering both the controls environment and the assurance over controls) as set out in Appendix 1.

**Basis of opinion**

- 3.3 Our opinion is based solely on our assessment of whether the governance, risk management and controls in place support the achievement of the Fund's objectives.
- 3.4 We have conducted two specific Pension Fund Reviews during the year;
- 'Scheme of Delegation'
  - 'Pension Administration'
- 3.5 The 'Scheme of Delegation' review identified one finding, graded medium, in connection with the authorisation of batch transactions (where an individual transaction is implemented in smaller tranches). The Custodian's Portal (Trade Capture) did not enforce authorisation of funds transfers in batch transactions. This recommendation is now closed after Trade Capture was upgraded to ensure that all batch transactions require authorisation in line with the Scheme of Delegation.
- 3.6 The 'Pension Administration' review identified two findings, both graded medium. The first was in connection with superuser access to the Fund's IT Operating system Altair and the second related to the performance of monthly reconciliations from scheme employers. The former recommendation was closed following the implementation of process to monitor superuser activity. The latter recommendation remains open although Management have had some success in moving Fund members towards providing the information that the Fund requires to allow monthly reconciliations
- 3.7 We have considered the effect of any changes in the Funds's systems & objectives as well as the level of resources available to Internal Audit. Given the Fund's dependence on the Council for a number of support services, we have also considered the results of the work that we performed on the governance, risk management and controls in place at the City of Edinburgh Council and the weaknesses in the framework of governance, risk management and control which that work identified.

**Conformance with Public Sector Internal Audit Standards**

- 3.8 From 1st April 2013, new Public Sector Internal Audit Standards (PSIAS) came into effect. These were jointly developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (CIIA). These standards require as to report annually on conformance. The PSIAS replaced the 2006 CIPFA Code of Practice for Internal Audit in Local

Government in the UK as the mandatory guidance and provide a coherent and consistent internal audit framework for the whole of the public sector.

3.9 CIPFA has prepared a Local Government Application Note and a Checklist for Assessing Conformance with the PSIAS in order to allow internal audit teams to evaluate the effectiveness of Internal Audit's performance. The Checklist, which contains 334 best practice questions was completed in Q3/Q4 2014 as part of the Internal Audit team's quality programme.

3.10 The completion of the check list identified 192 questions where the Internal Audit team could not demonstrate conformance with the CIPFA Guidance. In the majority of these cases the Internal Audit team was substantially complying with the requirements but did not have documented evidence immediately available to demonstrate compliance. Internal Audit identified the areas of significant actual non-compliance with the PSISAs set out below

- The Internal Audit Charter was obsolete and required a number of amendments to incorporate specific PSIAS requirements;
- The Internal Audit manual was obsolete and required a number of amendments to incorporate specific PSIAS requirements;
- The 2013/14 Internal Audit annual planning process considered risk when determining areas for review however this was informal and did not demonstrate clear linkage to organisational objectives and priorities;
- No formal Quality Assurance and Improvement Programme had been put in place subsequent to the expiry of the ISO 9001/2008 accreditation;
- The Internal Audit team had not evaluated the Risk function and Risk Management processes within the Fund.

3.11 A remediation exercise was undertaken in Q4 2014 & Q1 2015 to remediate (where possible) the areas of non-compliance and address the deficiencies in documentary evidence. For 2015/16 we expect to be compliant with the PSISAs with the exception of evaluating the Risk function and Risk Management processes within the Fund, as under the current structure, the Internal Audit function is not sufficiently independent to evaluate the Risk function. As the Internal Audit team matures, we expect to move towards a position of greater independence.

3.12 As part of our Quality Assurance and Improvement Programme, we are scheduled to reassess our conformance with the CIPFA Local Government Application Note and Checklist in Q3 2015.

#### **Quality Assurance and Improvement Programme**

3.13 The PSIAS require that a quality assurance and improvement programme (QAIP) is developed that covers all aspects of the internal audit activity, and that the results of this programme are included in the Internal Audit annual report. The QAIP must include both annual internal assessments and external assessments at least every 5 years.

3.14 As noted at 3.10 above, subsequent to the expiry of the ISO 9001/2008 accreditation no formal quality assurance programme had been put in place. A QAIP was developed in Q4 2015/Q1 2015 and will be effective for the 2015/16

audit year. The QAIP, as required by the PSIAS has been developed to include both periodic internal and external assessments.

- 3.15 Internal Assessments must include ongoing monitoring of the performance of the internal audit activity and periodic self-assessments. Ongoing monitoring is an integral part of the day-to-day supervision, review and measurement of the internal audit activity, and is incorporated in the routine policies and practices used to manage the internal audit activity. All work is reviewed by qualified staff prior to being issued to ensure it is of sufficient quality and complies with the methodology set out in the Internal Audit Manual.
- 3.16 The requirement for the periodic self-assessment will be met by;
- The completion of quality reviews checklists on a sample of reviews to ensure that they comply with the Audit Manual. These reviews will be undertaken by a team member independent of the reviews;
  - Bi-annual compilation of feedback received from clients on completed reviews to identify any trends emerging;
  - Analysis of Internal Audit KPI trends; and
  - An annual self review of compliance with the PISA via reviewing our conformance with the CIPFA Local Government Application Note and Checklist in Q3 2015.
- 3.17 External assessments must be performed every 5 years with the current longstop date being 31 March 2018. It is currently envisaged that we will join the External Quality Assessment (EQA) process of peer reviews that has been proposed by the Scottish Local Authorities Chief Internal Auditors Group. The scope of external assessments will be agreed with the Convenor Governance, Risk & Best Value Committee and the external assessor prior to work commencing.

## **Measures of success**

---

- 4.1 Effective governance, risk management and internal control within the Lothian Pension Fund.

## **Financial impact**

---

- 5.1 No direct financial impact.

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

---

- 6.1 No direct impact.

## Equalities impact

---

7.1 No direct impact.

## Sustainability impact

---

8.1 No direct impact.

## Consultation and engagement

---

9.1 None.

## Background reading/external references

---

10.1 .Public Sector Internal Audit Standards – Applying the IIA International Standards to the UK Public Sector.

### **Magnus Aitken**

Chief Internal Auditor

E-mail:[magnus.aitken@edinburgh.gov.uk](mailto:magnus.aitken@edinburgh.gov.uk) | Tel: 0131 469 3143

### Links

---

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

# **Appendix 1 – Limitations and responsibilities of internal audit and management responsibilities**

## **Limitations and responsibilities of internal audit**

The opinion is based solely on the internal audit work performed for the financial year 1 April 2014 to 31 March 2015. The work addressed the Terms of Reference agreed for each individual internal audit assignment as set out in the individual assignment reports. However, where other matters have come to the attention of Internal Audit which is considered relevant, they have been taken into account when forming the opinion.

There might be additional weaknesses in the system of internal control that were not identified because they did not form part of the programme of work, were excluded from the scope of individual internal audit assignments or were not brought to Internal Audit's attention. As a consequence Management and the Committee should be aware that the opinion may have differed if the programme of work or scope for individual reviews was extended or other relevant matters were brought to Internal Audit's attention.

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

## **Future periods**

The assessment of controls relating to the Fund is for the year ended 31 March 2015. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that:

- the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- the degree of compliance with policies and procedures may deteriorate.

## **Responsibilities of Management and Internal Audit**

It is Management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for Management's responsibilities for the design and operation of these systems.

Internal Audit endeavour to plan its work so that it has a reasonable expectation of detecting significant control weaknesses and, if detected, it carries out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and examinations by internal auditors should not be relied upon to disclose all fraud, defalcations or other irregularities which may exist.



## The City of Edinburgh Council

**Statement on the system of internal financial control**

1. This statement is given in respect of the internal financial controls operated by The City of Edinburgh Council. As the Council's designated section 95 officer as defined under the provisions of the Local Government (Scotland) Act 1973, I acknowledge my responsibility for ensuring that an effective system of internal financial control is put in place and its effectiveness regularly reviewed.
2. The system of control can provide reasonable, but not absolute, assurance that material control weaknesses or irregularities do not exist, and that there is no unacceptable risk of material error, loss, fraud or breach of legislation. Consequently, the Council continually seeks to improve the effectiveness of its systems of internal control so that irregularities are either prevented or detected within an acceptable period of time.
3. The system of internal financial control is based on a framework of regular management information, financial rules and regulations, administrative procedures (including segregation of duties), management supervision and a scheme of delegation and accountability. The system is maintained and developed by Council management and includes:
  - comprehensive budgeting systems;
  - preparation and regular review of periodic financial reports that measure actual financial performance against forecasts. For 2015/16, the effectiveness and regularity of this review is being enhanced through more systematic monitoring and scrutiny of the delivery of approved savings and management of budget pressures by the Corporate Leadership Group (CLG) and elected members;
  - agreement of targets against which financial and operational performance can be assessed;
  - clearly-defined capital expenditure guidelines communicated to services and set out in the Finance Rules;
  - an approved long-term financial strategy and plan, updates in respect of which are regularly discussed at the CLG and reported to the Finance and Resources Committee;
  - formal project management disciplines as supported and promoted by the Corporate Programmes Office, including senior Finance representation on all major project boards and assurance review panels; and
  - formal governance arrangements operated within both subsidiary and associated companies.
4. The Internal Audit section operates in accordance with the Chartered Institute of Public Finance and Accountancy's United Kingdom Public Sector Internal Audit Standards. The Section undertakes an annual programme based on an agreed audit strategy. The plan is based on formal assessments of risk and audit needs which are reviewed regularly to reflect evolving risks and changes within the Council. During 2014/15, the section reported to the Head of Legal, Risk and Compliance. However, it also has free access to the Chief Executive, Directors, Heads of Service (including the Head of Finance) and elected members of the Council when required. The Chief Risk Officer has provided an assurance statement that includes his opinion on the adequacy and effectiveness of the system of internal financial control.

5. My review of the effectiveness of the internal financial control system is informed by:
- assurance certificates on internal control received from all Directors of Council service areas;
  - governance arrangements in place for subsidiary and associated companies and an ongoing assessment of the effectiveness of these arrangements;
  - the work of managers within the Council;
  - the work of internal audit; and
  - external audit reports, in particular the independent annual reports on the Council's financial statements and internal control framework.
6. The Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer (2010) as set out in the Application Note to Delivering Good Governance in Local Government Framework. Having reviewed the framework, it is my opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the Group's systems of internal control.
7. I have overseen the programme of work undertaken in response to an independent review of the effectiveness of internal controls in May 2012, resulting in a number of specific measures being put in place to improve the overall robustness of the financial control framework. Implementation of these improvements has been regularly reported to the Governance, Risk and Best Value Committee and the extent of progress independently verified in January 2014. These improvements will be further strengthened and embedded through implementation of the steps contained within the resulting action plan. I have also overseen the improvements put in place in response to other recommendations made by internal and external audit work during the year.
8. I have furthermore overseen work consolidating the Council's long-term financial planning arrangements and mitigating the effects of the economic downturn across the Group, recognising the need to keep these matters under review. While a balanced overall position against the Council's budget was again delivered in 2014/15, a significant overspend was nonetheless apparent in Health and Social Care. I have therefore already prioritised in 2015/16 the strengthening and enforcement of existing financial controls, as well as re-instilling necessary wider financial discipline within the service to re-establish the basis of financial sustainability going forward.

  
**Hugh Dunn**

**Head of Finance**

**3 June 2015**

# Lothian Pension Funds Annual Report 2015

## Statement on the system of internal financial control

Section 95 of the Local Government (Scotland) Act 1973 states that "every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that the proper officer of the authority has responsibility for the administration of those affairs". The Head of Finance serves as the Section 95 Officer for all of the Council's accounting arrangements, including those of the Lothian Pension Funds. For the Pension Funds, however, this Section 95 responsibility has been delegated to the Pensions and Accounting Manager.

In compliance with standard accounting practice, the Pension and Accounting Manager is required to provide the Chief Executive with a statement of the effectiveness of the internal financial control system of the Funds for the year ended 31 March 2015.

The Funds place reliance upon the internal financial controls within the City of Edinburgh Council's financial systems and the monitoring in place to ensure the effectiveness of these controls. Accordingly, the "Statement on the system of internal financial control" by Hugh Dunn, Head of Finance, City of Edinburgh Council, dated 3 June 2015, refers.


Within this overall control framework, specific arrangements for the Lothian Pension Funds also include:

- identifying the objectives of the Funds in Funding Strategy Statement, Statement of Investment Principles and Service Plan;
- monitoring of the achievement of objectives by the Pensions Committee, Consultative Panel and senior officers;
- the Council's Monitoring Officer reports on any non-compliance with laws and regulations of which he is made aware;
- the Funds' Legal and Risk Manager similarly reports on any non-compliance with laws and regulations, with a detailed compliance framework covering key activities;
- a risk management policy, including a regularly reviewed risk register, serves to manage risk to the Funds appropriately;
- the Pensions Audit-Sub Committee, whose core functions comply with CIPFA standards;
- codes of conduct for elected members, Consultative Panel members and officers;
- a structured programme to ensure that Committee members have the required standard of knowledge and understanding of Local Government Pension Scheme matters;
- operating within clearly established investment guidelines defined by the Local Government Pension Scheme Investment Regulations and the Funds' Statements of Investment Principles;
- compliance with the CIPFA Principles for Investment Decision Making in the Local Government Pension Scheme and the Myners Principles on investment;
- with the exception of managed funds, unlisted investments and property, all investments are held under custody by a global custodian. The Funds benefit from the custodian's extensive internal control framework;
- benchmarking of services in terms of quality and cost against other Local Government Pension Scheme funds.

The Chief Internal Auditor has provided an assurance statement on the effectiveness of the system of internal control. This was informed by:

- the certified assurances from the Investment and Pensions Service Manager;
- senior officers' management activities;
- Internal Audit's review work;
- Audit Scotland's review work leading to its Annual Audit Report;
- risk management procedures.

In light of the above, it is my opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the system of internal financial control for the Lothian Pension Funds.



**John Burns**  
Pensions & Accounting Manager

**Date: 09 June 2015**