

# Notice of meeting and agenda

## **The City of Edinburgh Council**

**10.00 am, Thursday, 9 February 2017**

Council Chamber, City Chambers, High Street, Edinburgh

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

### **Contact**

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## **1. Order of business**

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- 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**

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- 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**

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- 3.1 Edinburgh Tenants Federation

## **4. Revenue and Capital Budgets**

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- 4.1 Revenue Budget 2017/21– reports (circulated)
  - (a) Revenue Monitoring 2016/17 – Month Nine Position - referral from the Finance and Resources Committee
  - (b) Revenue Budget Framework 2017/21 – Update
    - (i) referral from the Finance and Resources Committee
    - (ii) report by the Acting Executive Director of Resources
  - (c) Council’s Budget 2017/21 – Risks and Reserves – referral from the Finance and Resources Committee
  - (d) Housing Revenue Account – Budget Strategy 2017-22 - referral from the Finance and Resources Committee
- 4.2 Capital Investment Programme/Plan 2017/18 to 2025/26 – referral from the Finance and Resources Committee (circulated)
- 4.3 Play Your Part – 2017-18 Budget Proposals Overview of Feedback and Engagement – referral from the Finance and Resources Committee (circulated)
- 4.4 Council Tax - Review of Procedure for Second Homes – referral from the Finance and Resources Committee (circulated)
- 4.5 New Meadowbank Update – referral from the Culture and Sport Committee (circulated)
- 4.6 Rising School Rolls – referral from the Education, Children and Families Committee (circulated)
- 4.7 Council Business Plan 2016-20 – report by the Chief Executive (circulated)

## **5. Other Business**

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5.1 Edinburgh Schools Inquiry – report by the Chief Executive (circulated)

## **6. Motions**

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6.1 If any

### **Kirsty-Louise Campbell**

Interim Head of Strategy and Insight

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

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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**

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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).

### **Webcasting of Council meetings**

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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.

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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

10.00am, Thursday 9 February 2017

## Revenue Monitoring 2016/17 – Month Nine Position – referral report from the Finance and Resources Committee

Item number 4.1(a)  
Report number  
Executive/routine  
Wards

### Executive Summary

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On the 19 January 2017 the Finance and Resources Committee considered a report that set out the projected third-quarter revenue monitoring position for the Council, based on analysis of period eight data. The report has been referred to The City of Edinburgh Council's budget meeting on 9 February 2017 for approval of Spend to Save funding of £0.575m to purchase a route management system for the Waste Service.

### Links

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<b>Coalition Pledges</b>	See attached report
<b>Council Priorities</b>	See attached report
<b>Single Outcome Agreement</b>	See attached report

# Terms of Referral

## Revenue Monitoring 2016/17 – Month Nine Position

### Terms of Referral

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- 1.1 The report was the third of the quarterly revenue monitoring reports for 2016/17. On-going analysis of the revenue position was undertaken in line with agreed, risk-based principles, with any material changes reported in the intervening periods as required. Budget review and challenge meetings had been held across all service areas and the delivery of approved savings was regularly scrutinised at service management teams. These meetings had helped to enhance the focus on the prompt identification of, and development of appropriate mitigating action to address, service risks and pressures.
- 1.2 As of period eight, the Council was projecting a balanced overall outturn, after taking account of available funding, projected delivery of approved savings, use of reserves and management of service risks and pressures. Services had identified a number of further challenges to attainment of this position, however, and delivery of savings and service pressures therefore required sustained proactive management throughout the remainder of the year.
- 1.3 The Finance and Resources Committee agreed:
  - 1.3.1 To note the projected balanced position for the year..
  - 1.3.2 To note the on-going risks and challenges across all service areas which would require further management actions and active regular scrutiny for the remainder of the year.
  - 1.3.3 To note that the balanced position projected on the Housing Revenue Account (HRA) after making a £13.0m planned contribution towards housing investment.
  - 1.3.4 To approve in-year funding of £0.06m to take forward a pathfinder proposal that examined the potential to establish an Edinburgh-based Social Stock Exchange (SSE)
  - 1.3.5 To agree that the Acting Executive Director of Resources would circulate a briefing note to members that contained further information on the Social Stock Exchange Model.
  - 1.3.6 To approve in-year funding of £0.3m to support the work of Transport for Edinburgh in co-ordinating transport provision across the city and wider city region.
  - 1.3.7 To approve the allocation of any excess of contract deductions due over related costs incurred as a result of the PPP1 schools emergency to take

forward any necessary remedial works in Council buildings that shared similar design features.

- 1.3.8 To refer the report to Council to approve Spend to Save funding of £0.575m to purchase a route management system for the Waste service.
- 1.3.9 To agree that the Business Case and a briefing note would be circulated to members of the Finance and Resources Committee on the Spend to Save Funding.
- 1.3.10 To refer the report to the Governance, Risk and Best Value Committee as part of its work programme.

## For Decision/Action

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- 2.1 The City of Edinburgh Council is asked to approve Spend to Save funding of £0.575m to purchase a route management system for the Waste service.

## Background reading/external references

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Minute of the Finance and Resources Committee, 19 January 2017

### Kirsty-Louise Campbell

Interim Head of Strategy and Insight

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## Links

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<b>Coalition Pledges</b>	See attached report
<b>Council Priorities</b>	See attached report
<b>Single Outcome Agreement</b>	See attached report
<b>Appendices</b>	See attached report

# Finance and Resources Committee

10.00am, Thursday, 19 January 2017

## Revenue Monitoring 2016/17 – month nine position

Item number	7.1
Report number	
Executive/routine	
Wards	

### Executive summary

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The report sets out the projected third-quarter revenue monitoring position for the Council, based on analysis of period eight data. The current forecast points to a balanced overall outturn for the year. Attainment of this position is, however, contingent upon undertaking further actions required to deliver a number of approved savings and active management of significant risks and pressures.

### Links

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Coalition Pledges	<a href="#">P30</a>
Council Priorities	<a href="#">CP13</a>
Single Outcome Agreement	<a href="#">SO1</a> , <a href="#">SO2</a> , <a href="#">SO3</a> , <a href="#">SO4</a>



## Revenue Monitoring 2016/17 – month nine position

### 1. Recommendations

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- 1.1 Members of the Finance and Resources Committee are asked to:
  - 1.1.1 note the projected balanced position for the year;
  - 1.1.2 note the on-going risks and challenges across all service areas which will require further management actions and active and regular scrutiny for the remainder of the year;
  - 1.1.3 note the balanced position projected on the Housing Revenue Account (HRA) after making a £13.0m planned contribution towards housing investment;
  - 1.1.4 approve in-year funding of £0.06m to take forward a pathfinder proposal examining the potential to establish an Edinburgh-based Social Stock Exchange (SSE);
  - 1.1.5 approve in-year funding of £0.3m to support the work of Transport for Edinburgh in co-ordinating transport provision across the city and wider city region;
  - 1.1.6 approve the allocation of any excess of contract deductions due over related costs incurred as a result of the PPP1 schools emergency to take forward any necessary remedial works in Council buildings sharing similar design features;
  - 1.1.7 refer this report to Council to approve Spend to Save funding of £0.575m to purchase a route management system for the Waste service; and
  - 1.1.8 refer this report to the Governance, Risk and Best Value Committee as part of its work programme.

### 2. Background

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- 2.1 This report sets out the projected overall position for the Council's revenue expenditure budget for 2016/17 based on analysis of period eight data.

### 3. Main report

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- 3.1 This report represents the third of the quarterly revenue monitoring reports for 2016/17. On-going analysis of the revenue position is undertaken in line with

agreed, risk-based principles, with any material changes reported in the intervening periods as required. Budget review and challenge meetings have been held across all service areas and the delivery of approved savings is regularly scrutinised at service management teams. These meetings have helped to enhance the focus on the prompt identification of, and development of appropriate mitigating action to address, service risks and pressures.

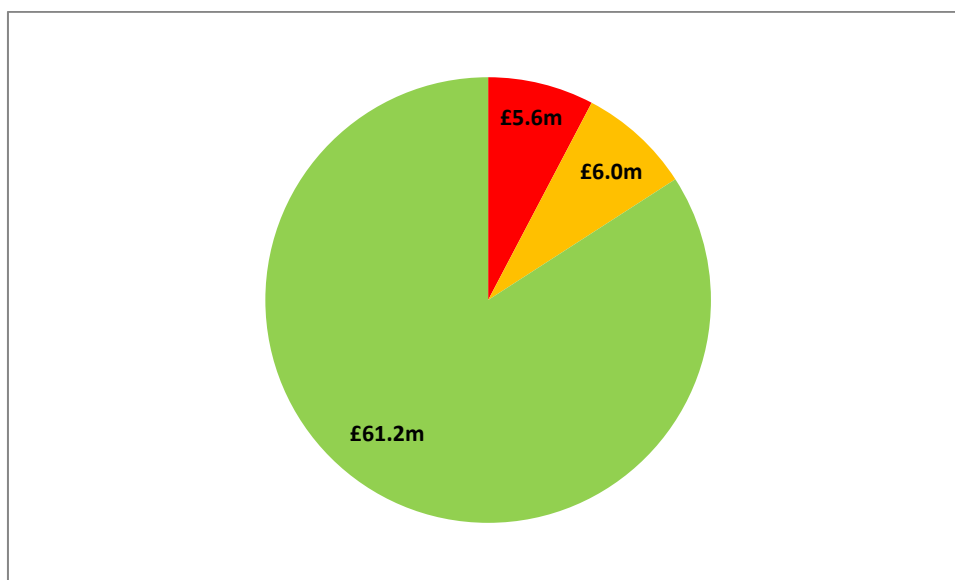
### **Overall position**

- 3.2 As of period eight, the Council is projecting a balanced overall outturn, after taking account of available funding, projected delivery of approved savings, use of reserves and management of service risks and pressures. Services have identified a number of further challenges to attainment of this position, however, and delivery of savings and service pressures will therefore require sustained proactive management throughout the remainder of the year. A high-level service analysis, aligned to the Council's new structure, is included as Appendix 1.

### **Savings delivery**

- 3.3 Members will recall that approval of a balanced budget for 2016/17 was predicated on the delivery of around £73m of service-specific and corporate savings. As of December, the overall RAG assessment of these savings indicates that, on the basis of actions planned or already undertaken, some 92% are on target to be delivered in full as shown in the chart below.

#### **RAG assessment of approved budget savings, 2016/17 – December 2016**



- 3.4 The red-assessed savings cover three specific approved proposals within Place and Health and Social Care respectively and these are shown in Appendix 2. Progress in the delivery of these savings, or where necessary alternative measures, will continue to be closely monitored, with regular updates shared with elected members. Where savings are being met other than by means of the

approved measures, relevant details will continue to be reported to respective Executive Committees.

- 3.5 Amber-assessed savings represent, in the main, those linked to organisational reviews where it is anticipated that further work will confirm full delivery of the budgeted level of saving during the year. In some cases, however, the status reflects the addressing of shortfalls against approved savings targets by means of one-off mitigations, emphasising the need for sustainable measures to be identified going forward.
- 3.6 The net effect of any risk of shortfall in delivery is reflected in the overall position as assessed by service areas in the following sections. Executive Directors also continue to manage a range of risks and pressures, the most material of which, alongside any identified mitigating actions, are included in Appendix 3.

### **Service-specific budgets – Communities and Families**

- 3.7 At period eight, Communities and Families continues to experience budget pressure in many areas of the service including a number of challenges relating to the delivery of approved savings. Areas of significant budget pressure include secure care, out-of-Council residential care and fostering. The phasing and delivery of savings associated with the transformational review within Schools and Lifelong Learning will also result in temporary pressures in 2016/17 in advance of full delivery in 2017/18.
- 3.8 Many of the management actions identified are one-off in nature, meaning that while they assist in addressing the immediate challenge in 2016/17, a permanent sustainable solution still needs to be identified.
- 3.9 In projecting a balanced budget position, the Acting Executive Director of Communities and Families is committed to identifying further mitigating management action to address the forecast pressures, including application of controls on vacancies and discretionary spend and utilisation of departmental reserves and other income.

### **Health and Social Care**

- 3.10 The period eight outturn forecast indicates a projected overspend of £5.4m prior to any assumed additional transitional funding allocation from the Social Care Fund. The adverse movement since period five relates to a projected overspend of £2.0m on employee costs, resulting mainly from three months' delay in the realisation of savings through the service's organisational review. A £3.4m overspend on purchasing budgets is primarily attributable to delays in the implementation of transformation-linked proposals underpinning the approved budget.
- 3.11 On 16 September 2016, the Edinburgh Integrated Joint Board (EIJB) provisionally agreed to allocate up to £3.4m of non-recurring funding from the Social Care Fund to offset unachieved transformation-related savings. Work is

continuing to identify, in the first instance, further opportunities to reduce the level of overspend, such that it may be contained within a balanced outturn position for the Council as a whole. Dialogue is continuing with the EIJB as to how any remaining overspend might be addressed. These short-term Social Care Fund contributions do not, however, obviate the need to identify a sustainable means of realising the approved level of savings in the medium- to longer-term.

### **Place**

- 3.12 The approved service budget is dependent upon the delivery of over £12m of savings in 2016/17 and the Executive Director of Place has, in addition, identified significant pressures, particularly within the Environment Division.
- 3.13 As of period seven, a £5.1m in-year overspend is forecast, representing a £6.1m adverse variance within the Environment Division offset by forecast net underspends totalling £1m across the other Divisions. In view of this, the Executive Director has identified a range of mitigating actions, including further control of employee costs and use of service reserves, together reducing the projected overspend to £1.5m.
- 3.14 The remaining pressure mainly relates to the extended closure and associated loss of income of Mortonhall Crematorium. The Executive Director will continue to investigate all means of addressing this overspend with a view to returning the service to a balanced position although, given the size of the pressure and advanced stage of the financial year, there remains a risk of service overspend.

### **Resources**

- 3.15 As of period eight, the Resources Directorate is reporting a balanced overall position, with the delivery of transformation programme savings, or in a small number of cases substitute savings, assessed to be on track at this stage.

### **Chief Executive (excluding Safer and Stronger Communities)**

- 3.16 As of period eight, a balanced overall position is forecast. Following a detailed assessment of all liabilities associated with the transition to the new ICT service provider, it is now anticipated, based on available information, that these sums can be contained within the budgeted overall level of provision in 2016/17.

### **Safer and Stronger Communities**

- 3.17 At month eight, Safer and Stronger Communities is projecting a balanced position. While forecast pressures have been identified relating to the delivery of approved savings and a requirement for bed and breakfast and short-term let accommodation in excess of the budgeted level, at this stage it is anticipated that mitigating management action, including vacant posts and accelerated savings in some service areas, will be available to offset these on a one-off basis.

## **Corporate budgets**

- 3.18 The period five report indicated that work was on-going to assess the extent of potential savings across corporate areas of the budget, particularly Council Tax and loans charges. An assessment of the size and profile of the Council Tax base, including the level of exemptions and discounts, indicates that an additional £2m of income relative to budgeted levels should be delivered in 2016/17, with adjustments also incorporated within the base budget for future years.
- 3.19 The approved budget framework assumed receipt of a dividend from EDI of £0.5m in 2016/17. The Council has been advised, however, that no dividend is likely to be paid in the current year.

## **Other areas – Transport for Edinburgh**

- 3.20 The budget framework report of 29 September 2016 advised of likely budgetary requirements linked to Transport for Edinburgh's enhanced strategic role in integrating transport provision across the city and wider city region. Subject to receipt of Committee approval, net expenditure of £0.3m is anticipated in the current year and, going forward, £0.4m will be incorporated in the budget framework to support a range of relevant initiatives.

## **Social Stock Exchange**

- 3.21 The Social Stock Exchange (SSE) is the world's first regulated exchange dedicated to businesses and investors seeking to achieve a positive social and environmental impact through their activities. Listed organisations require to pass an in-depth assessment of both their financial standing and commitment to delivering these wider impacts, as well as the potential to generate viable investment returns. Once admitted, organisations are free to trade within this regulated marketplace, with potential investors able to choose investment opportunities, often in their local area, aligned to their wider goals.
- 3.22 Following initial discussions with the SSE, a pathfinder proposal to examine the potential for an Edinburgh-based, but Scotland-wide, exchange has been developed, under which a three-month research and scoping study will inform preparation of a detailed business case. The pilot will assess potential demand from both the business community and prospective investors and validate eligible organisations, informing consideration by Council in early 2017. The pilot will also seek to quantify the investment requirement to launch a fully-fledged Edinburgh SSE.
- 3.23 The cost of the pilot scheme is £60,000 and Committee approval is sought to authorise the expenditure which can be contained within the balanced overall position set out in the preceding paragraphs.

## **PPP1 schools emergency**

- 3.24 At the Finance and Resources Committee's meeting on 3 November 2016, members considered a report setting out the additional costs incurred as a result of the temporary unavailability from early April 2016 of seventeen schools and two other facilities constructed as part of the PPP1 programme. As of the time of writing, discussions with the Edinburgh Schools Partnership are continuing with a view to finalising the corresponding contractual sums due to the Council over this period. Members are asked to approve that any excess of deductions due over costs incurred be earmarked to take forward any necessary remedial work identified through the programme of property surveys undertaken in buildings of similar construction.

## **Spend to Save**

- 3.25 The Executive Director of Place has identified an opportunity to invest in a route management system that will support the delivery of key aspects of the waste and cleansing improvement plan by reducing the number of missed bins and increasing first-time resolution of customer queries (additional detail is included in Appendix 4). Upfront funding of £0.575m is sought from the Spend to Save fund to allow procurement of the system, with the resulting savings in overtime, fuel consumption and reduced Contact Centre staffing expected to repay the upfront investment within 5.25 years. Subject to Committee's approval, this application will be submitted for onward ratification by Council on 26 January.

## **Housing Revenue Account**

- 3.26 A balanced position is forecast after making a required £13.0m contribution to fund future delivery of the affordable housing strategy as set out in the HRA business plan. Approved budget savings of £1.664m in relation to reductions in housing management, repairs and maintenance and ICT costs are forecast to be achieved.

## **4. Measures of success**

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- 4.1 Achieving a balanced overall budget outturn position for 2016/17 and successful delivery of approved savings and key service performance indicators.

## **5. Financial impact**

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- 5.1 The report's contents point to a balanced overall position. Attainment is, however, contingent upon undertaking further actions required to deliver a number of approved savings and active management of significant risks and pressures for the remainder of the year.

- 5.2 The Council's Financial Regulations set out Executive Directors' responsibilities in respect of financial management, including regular consideration of their service budgets such that overall expenditure is contained within approved levels.

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

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- 6.1 The delivery of a balanced budget outturn for the year is the key target. The risks associated with cost pressures, increased demand and savings delivery targets are regularly monitored and reviewed and management action is taken as appropriate.
- 6.2 Ongoing communications by the Council's section 95 Officer have reinforced the respective responsibilities of Executive Directors and Heads of Service to maintain expenditure within approved budgets in accordance with the Financial Regulations. Directors also have a requirement to ensure that savings identified are both achievable and delivered to maintain a sustainable budget across the Council. With this in mind, structured plans are in place for review and feedback on current and future years' savings proposals. This has contributed positively to a position where the majority of approved 2016/17 savings are also assessed as being on track to be delivered.

## **7. Equalities impact**

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- 7.1 While there is no direct additional impact of the report's contents, all budget proposals are now subject to an initial relevance and proportionality assessment and, where appropriate, a formal Equalities and Rights Impact Assessment is then undertaken. The equalities and rights impacts of any substitute measures identified to address savings shortfalls are similarly assessed.

## **8. Sustainability impact**

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- 8.1 While there is no direct additional impact of the report's contents, the Council's revenue budget includes expenditure impacting upon carbon, adaptation to climate change and contributing to sustainable development. In addition, all budget proposals are now subject to an upfront assessment across these areas.

## **9. Consultation and engagement**

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- 9.1 There is no external consultation and engagement arising directly from this report, although the Council's budget continues to be subject to a process of annual consultation and engagement.

## 10. Background reading/external references

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### 10.1 Service monitoring statements for period eight.

#### Hugh Dunn

Acting Executive Director of Resources

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#### Links

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<b>Coalition pledges</b>	P30 – Continue to maintain a sound financial position including long term financial planning
<b>Council Priorities</b>	CP13 – Deliver lean and agile Council services
<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 – Service analysis Appendix 2 – 2016/17 budget savings RAG assessment – savings assessed as red in part or in full Appendix 3 – Service risks and pressures Appendix 4 – Spend to Save Fund application – route management system



**THE CITY OF EDINBURGH COUNCIL**

**REVENUE MONITORING 2016-17**

**PERIOD 8 REVENUE MONITORING**

**SERVICE ANALYSIS**

Account	Revised Budget £000	Budget to Date £000	Actual to Date £000	Variance to Date		Projected Outturn £000	Projected Variance	
				£000	%		£000	%
Communities and Families	337,903	225,276	226,204	928	0.4%	337,903	0	0.0%
Chief Executive	39,417	32,280	31,979	(301)	(0.9%)	39,417	0	0.0%
Safer and Stronger Communities	25,530	17,508	17,508	0	0.0%	25,530	0	0.0%
Health and Social Care	184,428	114,004	122,928	8,924	7.8%	185,568	1,140	0.6%
Resources	133,267	108,288	104,695	(3,593)	(3.3%)	133,267	0	0.0%
Place	65,054	44,339	47,753	3,414	7.7%	65,054	0	0.0%
Valuation Joint Board Requisition	3,744	2,496	2,496	0	0.0%	3,744	0	0.0%
<b>Direct Service Expenditure</b>	<b>789,343</b>	<b>544,191</b>	<b>553,563</b>	<b>9,372</b>	<b>1.7%</b>	<b>790,483</b>	<b>1,140</b>	<b>0.1%</b>
Council-wide - Living Wage	333	0	0	0	n/a	333	0	0.0%
Council-wide - Non-Domestic Rates	442	0	0	0	n/a	442	0	0.0%
<b>General Fund Services Subtotal</b>	<b>790,118</b>	<b>544,191</b>	<b>553,563</b>	<b>9,372</b>	<b>1.7%</b>	<b>791,258</b>	<b>1,140</b>	<b>0.1%</b>
Net Cost of Benefits	(62)	(41)	(362)	(321)	n/a	(62)	0	0.0%
Pension Auto Enrolment	507	0	0	0	0%	507	0	0.0%
Pension Fund - Lump Sum Payment	3,064	2,043	2,043	0	0%	3,064	0	0.0%
Non Distributed Costs	5,816	3,877	3,877	0	0%	5,816	0	0.0%
Non-Domestic Rates - Discret. Relief	350	0	0	0	n/a	350	0	0.0%
Carbon Tax	1,200	1,200	1,219	19	1.6%	1,200	0	0.0%
Insurance Premiums	3,513	0	0	0	n/a	3,513	0	0.0%
Loans Charges / Interest on Rev Bals	112,488	0	0	0	n/a	112,488	0	0.0%
Council Transformation	4,050	2,700	1,922	(778)	n/a	4,050	0	0.0%
Prior Year and Other Adjustments	2,978	0	0	0	n/a	2,978	0	0.0%
Staff Release and Transformation	22,300	18,601	18,601	0	n/a	22,300	0	0.0%
Dividend and Investment Income	(6,500)	0	0	0	n/a	(6,000)	500	(7.7%)
Transport for Edinburgh	0	0	0	0	n/a	300	300	n/a
Social Stock Exchange pilot	0	0	0	0	n/a	60	60	n/a
<b>Total General Fund</b>	<b>939,822</b>	<b>572,571</b>	<b>580,863</b>	<b>8,292</b>	<b>1.4%</b>	<b>941,822</b>	<b>2,000</b>	<b>0.2%</b>
Funding								
General Grant Funding	(343,039)	(228,693)	(228,693)	0	0%	(343,039)	0	0.0%
Non Domestic Rates	(374,650)	(249,767)	(249,767)	0	0%	(374,650)	0	0.0%
Council Tax	(240,631)	(160,421)	(160,421)	0	0%	(242,631)	(2,000)	0.8%
Less: Council Tax Reduction Scheme	26,252	17,501	17,501	0	0%	26,252	0	0.0%
<b>Operating Deficit / (Surplus)</b>	<b>7,754</b>	<b>(48,808)</b>	<b>(40,516)</b>	<b>8,292</b>	<b>n/a</b>	<b>7,754</b>	<b>0</b>	<b>n/a</b>
<b>Contribution to / (from) Reserves</b>								
Earmarked Reserves								
- Capital Fund	(2,000)	0	0	0	n/a	(2,000)	0	0.0%
- Service Transformation	1,700	0	0	0	n/a	1,700	0	0.0%
- Dilapidations Fund	700	0	0	0	n/a	700	0	0.0%
- Various	121	0	0	0	n/a	121	0	0.0%
- Other earmarked Balances	(8,275)	0	0	0	n/a	(8,275)	0	0.0%
<b>Total Contribution to / (from) Reserves</b>	<b>(7,754)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>n/a</b>	<b>(7,754)</b>	<b>0</b>	<b>0.0%</b>
<b>In-year Deficit / (Surplus)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>n/a</b>	<b>0</b>	<b>0</b>	<b>n/a</b>
<b>Housing - HRA</b>	<b>0</b>	<b>(54,325)</b>	<b>(55,742)</b>	<b>(1,417)</b>	<b>n/a</b>	<b>0</b>	<b>0</b>	<b>n/a</b>
Net Cost of Benefits variance reflects the profile of sums received from the Department for Work and Pensions and is anticipated to be in line with budgeted levels by the year-end.								

Savings description	Service area	Approved level of saving, 2016/17 (£000)	RAG Status (insert relevant element of saving under each heading. These amounts should be shown net of any assumed mitigating action)			Approved further level of saving, 2017/18 to 2019/20	RAG Status (insert relevant element of saving under each heading. These amounts should be shown net of any assumed mitigating action)			Categorisation	Basis of current status	Planned actions and associated timescales for delivery of savings
			Red	Amber	Green		Red	Amber	Green			
Transformation: Organisational Review	Health and Social Care	5,818	1,718	0	4,100	5,437	0	4,937	500	Health and Social Care	This RAG status reflects the level of savings achieved to date from the release of staff under VERA and VR from HQ, disability services, older people's services and assessment and care management. It also takes into account a level of current vacancy, the use of agency and continued recruitment into the reconfigured disability service to reach agreed staffing levels. The current assessment of implementation is that the review, originally planned for December 2016, will slip by three months which is reflected in the revised red RAG status of £1.718m.	The next stage is to finalise implementation of the organisational review. A detailed plan for reduction in agency spend will be developed.
Transformation: Re-ablement; Demand Management; Telecare	Health and Social Care	4,137	3,376	511	250	4,969	0	4,969	0	Health and Social Care	These savings proposals are being revisited through the H&SC Transformation Programme. A prudent approach has been taken when assessing in-year delivery and this is reflected in the £0.761m at amber or green. A significant step-up in 2017/18 is forecast.	The next stage is to agree the business cases and develop implementation plans which take account of the preliminary work undertaken.
<b>Total Health and Social Care</b>		<b>9,955</b>	<b>5,094</b>			<b>10,406</b>	<b>0</b>					

Savings description	Service area	Approved level of saving, 2016/17 (£000)	Red	Amber	Green	Approved further level of saving, 2017/18 to 2019/20	Red	Amber	Green	Categorisation	Basis of current status	Planned actions and associated timescales for delivery of savings
Tram Advertising Income	Place	500	500	0	0	0	0	0	0	Planning and Transport	The approved budget saving is predicated on generation of additional income through the Council's existing advertising contract by selling naming rights and "wrapping" Edinburgh Trams. As of the time of writing, however, no specific plans have been agreed to contribute towards the current year's income target.	Ongoing dialogue with contractor.
<b>Total Place</b>		<b>500</b>	<b>500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>			
<b>Total all areas</b>			<b>5,594</b>									

NB While the analysis above captures, by value, all savings assigned a red status in 2016/17, there are a number of other savings where an element is assessed as amber, hence the total shown is lower than in the equivalent figure in Paragraph 3.3.

## SERVICE RISK AND PRESSURES

Appendix 3

Risk or pressure description	Service area	Estimated financial impact, 2016/17 (£000)	Any estimated further impact, 2017/18 to 2019/20 (£000)	Residual risk after taking account of mitigating actions, 2016/17	Residual risk status, 2016/17	Explanatory notes, including description of any recurring pressures and mitigating measures implemented or proposed to date. This analysis should include consideration of the Council's key risks as they affect the service area's activities.
Waste Service Pressure	Place	5,300	(1,800)	3,150		Following analysis of the 2015/16 position and the roll-out of recent service changes (recycling redesign, ceasing commercial waste at CRC sites, etc.) it is estimated that the pressure in waste services for 2016/17 will be around £3.15m, without any further savings measures. The market for recycle continues to be volatile and there is a risk that the cost of disposing recyclable waste could increase this overspend significantly.
North Bridge	Place	1,150	(200)	465		Following routine inspection work, significant expenditure is required on North Bridge. Prior to capital funding being made available (£12m is required), enabling revenue funding is required for these preparatory works and to set up a project team to carry out initial work to develop the scope of the capital project. Some of these costs have been met from within the overall transport budget, but the service is unable to contain the full cost.
Mortonhall - Income shortfall	Place	2,000	(2,000)	1,400		The crematorium is currently closed for refurbishment work. This is resulting in a significant loss of income, which is being partially offset by additional income from Scientific Services. The service is developing a mitigation plan to help address the income shortfall, but this is unlikely to address the pressure in full.
<b>Sub-total</b>		<b>8,450</b>	<b>(4,000)</b>	<b>5,015</b>		

## SERVICE RISK AND PRESSURES

Appendix 3

Risk or pressure description	Service area	Estimated financial impact, 2016/17 (£000)	Any estimated further impact, 2017/18 to 2019/20 (£000)	Residual risk after taking account of mitigating actions, 2016/17	Residual risk status, 2016/17	Explanatory notes, including description of any recurring pressures and mitigating measures implemented or proposed to date. This analysis should include consideration of the Council's key risks as they affect the service area's activities.
Out of Council Residential Care (Pressure)	Communities and Families	1,200	1,200	1,200		The service has annual approved savings of £1.8m against Out of council residential placements by 2017/18 compared to the 2012/13 budget. This has proved very challenging to deliver at the same time as reductions of £3.5m have been made to internal residential services. The service has assessed that there will be an ongoing demand for approximately £1.2m of placements in future. This pressure has been reported to CLT and the service is in the process of identifying alternative savings for 2017/18 onwards.
Secure Care (Risk)	Communities and Families	1,200	1,200	1,200		The budget for secure places is 8. Average usage for 2015/16 was 13 and in March 2016 this number was 16. If the average usage of 13 continues then the pressure will be £1.375m. Changing this pattern of secure risk requires culture change and practice changes across a range of children's services. Further to the recent transformation process for children's services, frontline manager engagement on this issue was put in place from June 2016.
Sub-total		2,400	2,400	2,400		
Total all services		10,850	(1,600)	7,415		

Spend to Save proposal - Waste Route Management System

Appendix 4

Project	Description	Outcome	Coalition Pledges and Council Outcomes	Funding	Risk	Payback Period
Waste Route Management System	Purchase of a new route management system will support delivery of key aspects of the service improvement plan. The system will provide operational crews with higher-quality information to reduce the number of missed bins and allow greater first-time resolution of customer queries.	Investment in the system will improve the overall waste and recycling service. Savings will be generated initially through reductions in overtime linked to delayed collections, lower fuel consumption as a result of both fewer missed collections and more efficient vehicle routing and a reduced associated staffing requirement within the Contact Centre. Further ICT-related savings are anticipated from April 2018.	P44 - Prioritise keeping our streets clean and attractive P49 Continue to increase recycling levels across the city and reduce the proportion of waste going to landfill CO17 - Clean - Edinburgh's streets and open spaces are clean and free of litter and graffiti 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 CO24 - The Council communicates effectively internally and externally and has an excellent reputation for customer care	£575,000	Medium	5.25 years

# The City of Edinburgh Council

10.00am, Thursday 9 February 2017

## Revenue Budget Framework 2017/21 - Update – referral report from the Finance and Resources Committee

Item number	4.1(b)(i)
Report number	
Executive/routine	
Wards	

### Executive Summary

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On the 19 January 2017 the Finance and Resources Committee considered a report that provided an update on the implications for the Council of the Local Government Finance Settlement announced on 15 December 2016 and the potential for a balanced position to be achieved in 2017/18. The report has been referred to The City of Edinburgh Council's budget meeting on 9 February 2017 for consideration as part of the budget setting process.

### Links

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<b>Coalition Pledges</b>	See attached report
<b>Council Priorities</b>	See attached report
<b>Single Outcome Agreement</b>	See attached report

# Terms of Referral

## Revenue Budget Framework 2017/21 - Update

### Terms of Referral

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- 1.1 In view of the worsening forecasts of the level of funding to be made available to local authorities in Scotland going forward, the budget framework update considered by the Finance and Resources Committee on 29 September 2016 intimated that the assumed level of reduction in the Council's revenue grant for 2017/18 had been increased to 2.5%.
- 1.2 Analysis of the Cabinet Secretary's statement and the accompanying detailed Local Government Finance Settlement was continuing, informed by on-going receipt of additional supporting detail from the Scottish Government. While the formal checking session that took place on 20 December 2016 did not identify any significant issues, it was emphasised that, as of the time of writing, the allocations set out within the Finance Circular remained provisional. Any changes were required to be met from within the overall level of resourcing made available to local authorities, which meant that there remained the potential for further revision to the Council's grant allocation.
- 1.3 The Finance and Resources Committee agreed:
  - 1.3.1 To note the impact of the 2017/18 Local Government Finance Settlement on the 2017/21 budget framework.
  - 1.3.2 To consider the officer recommendations to address the additional savings requirement in 2017/18 resulting from the combined impact of the Local Government Finance Settlement and residual savings shortfalls and unmitigated pressures.
  - 1.3.3 To refer the report to Council as part of the budget setting process.

### For Decision/Action

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- 2.1 The City of Edinburgh Council is asked to consider the report as part of the budget setting process.

### Background reading/external references

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Minute of the Finance and Resources Committee, 19 January 2017



## **Kirsty-Louise Campbell**

Interim Head of Strategy and Insight

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## **Links**

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<b>Coalition Pledges</b>	See attached report
<b>Council Priorities</b>	See attached report
<b>Single Outcome Agreement</b>	See attached report
<b>Appendices</b>	See attached report

# Finance and Resources Committee

10.00am, Thursday, 19 January 2017

## Revenue budget framework 2017/21 - update

<b>Item number</b>	7.5
<b>Report number</b>	
<b>Executive/routine</b>	
<b>Wards</b>	

### Executive summary

On 29 September 2016, the Finance and Resources Committee considered a mid-year progress update on the revenue and capital budget framework for 2016/20. The report advised members of a number of changes to framework assumptions, including revised grant funding projections and an increase in the overall level of demographic provision made. Taken together and subject to a number of required actions to manage pressures and address anticipated shortfalls in the delivery of savings previously approved in principle, the overall position remained one of balance in both 2017/18 and 2018/19. The report highlighted, however, the importance of confirmation of the Council's grant allocation as part of the Local Government Finance Settlement, with the potential that the actual level of funding received would increase the overall savings requirement in 2017/18 and have implications for subsequent years of the framework.

This report updates members of the Committee on the implications for the Council of the Local Government Finance Settlement announced on 15 December 2016. While the level of confirmed funding, alongside residual pressures and savings shortfalls within services, increases the overall volume of savings requiring to be delivered, subject to approval of a number of revisions to corporate assumptions and a small number of additional savings proposals, the report sets out the potential for a balanced position to be achieved in 2017/18. If this headline reduction in funding is repeated in subsequent years, however, this will require the identification of additional savings/efficiencies over and above those previously estimated.

### Links

<b>Coalition Pledges</b>	<a href="#">P30</a>
<b>Council Priorities</b>	<a href="#">CP13</a>
<b>Single Outcome Agreement</b>	<a href="#">SO1</a> , <a href="#">SO2</a> , <a href="#">SO3</a> , <a href="#">SO4</a>

## Revenue budget framework 2017/21 – update

### 1. Recommendations

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- 1.1 Members of the Finance and Resources Committee are asked to:
  - 1.1.1 note the impact of the 2017/18 Local Government Finance Settlement on the 2017/21 budget framework;
  - 1.1.2 consider the officer recommendations to address the additional savings requirement in 2017/18 resulting from the combined impact of the Local Government Finance Settlement and residual savings shortfalls and unmitigated pressures; and
  - 1.1.3 refer the report to Council as part of the budget-setting process.

### 2. Background

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- 2.1 On 29 September 2016, the Finance and Resources Committee considered a mid-year progress update on the revenue and capital budget framework for 2016/20. The report advised members of a number of changes to framework assumptions, including revised grant funding projections and an increase in the level of demographic provision made across the main demand-led areas of the Communities and Families budget. Taken together and subject to a number of required actions to manage pressures and address shortfalls in the delivery of savings previously approved in principle, the overall position remained one of balance in both 2017/18 and 2018/19.
- 2.2 The report highlighted, however, the importance of confirmation of the Council's 2017/18 grant allocation as part of the Local Government Finance Settlement, with the potential that the actual level of funding received would increase the overall savings requirement and provide some insight into requirements for subsequent years.
- 2.3 A one-year Settlement for 2017/18 was announced by the Cabinet Secretary for Finance and the Constitution on 15 December 2016. This report advises as to the implications of the announcement for the Council's revenue budget framework, with a report on the capital position included elsewhere on today's agenda.

### 3. Main report

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#### **Local Government Finance Settlement**

- 3.1 In view of worsening forecasts of the level of funding to be made available to local authorities in Scotland going forward, the budget framework update report considered by the Committee on 29 September 2016 intimated that the assumed level of reduction in the Council's revenue grant for 2017/18 had been increased to 2.5%.
- 3.2 Analysis of the Cabinet Secretary's statement and the accompanying detailed Local Government Finance Settlement is continuing, informed by on-going receipt of additional supporting detail from the Scottish Government. While the formal checking session that took place on 20 December 2016 did not identify any significant issues, it should be emphasised that, as of the time of writing, the allocations set out within the Finance Circular remain provisional. Any changes will require to be met from within the overall level of resourcing made available to local authorities, meaning that there remains the potential for further revision to the Council's grant allocation.

#### **Council Tax banding changes**

- 3.3 Following Parliamentary approval of The Council Tax (Substitution of Proportion) (Scotland) Order 2016 in November 2016, the Cabinet Secretary's announcement confirmed changes to Council Tax multipliers for properties in bands E to H effective from April 2017. It was furthermore confirmed that the additional income raised through these changes would be retained by the councils concerned. In contrast to recent years' Settlements where freezing of Council Tax has placed particular significance on changes in the level of General Revenue Grant provided, the ability to retain the additional band-related income locally means that the overall impact of the Settlement is therefore best seen in this wider context.

## Year-on-year change in grant and Council Tax funding

- 3.4 Based on a year-on-year comparison of grant funding and taking into account new commitments, Edinburgh's allocation has fallen by some 5.2% in cash terms in 2017/18, compared to a decrease of 3.9% for Scotland as a whole. The main elements of this reduction, totalling £37.1m, are as follows:

Year-on-year change (decrease)/increase	£m
Share of £350m reduction in core funding net of other monies "freed up" within Settlement	(23.5)
Reduction in loans charge support for historic borrowing	(11.8)
Loss of support through 85% funding floor	(11.0)
Deduction in grant for assumed increase in Council Tax base (property numbers)	(2.4)
Increase in support through core funding floor	10.7
Distributional gains and other changes	0.9
<b>Net decrease from 2016/17</b>	<b>(37.1)</b>

- 3.5 The Local Government Finance Settlement currently incorporates two separate funding "floors". The first concerns *relative* changes in funding, with the aim, in the current financial climate, being to smooth out year-on-year movements in the level of grant reduction faced by authorities in any given year. While the precise floor calculation is complex, the overall increase in funding support received through this floor relative to 2016/17 (i.e. an additional £10.7m) broadly offsets the net impact of the reduction in historic loans charge support and distributional changes.
- 3.6 The second floor reflects a Scottish Government policy commitment whereby no local authority receives less than 85% of the Scotland-wide per capita average level of revenue support. This, in effect, is a measure of *absolute* funding, albeit expressed relative to a Scottish average. In previous years, the Scottish Government has made available £25m of additional funding to support the policy, with Aberdeen and Edinburgh receiving significant sums.
- 3.7 For 2017/18, the calculation has been rebased to take into account both grant funding and income raised through Council Tax within each authority to capture more fully the level of resources available to support the provision of local services. This revision, alongside changes in the profile of the population within the respective cities and, more specifically, their influence on overall per capita funding, now sees Aberdeen as the only beneficiary of the reduced required sum of £10m. As the additional funding for this policy sits outside the core Local

Government Finance Settlement, its loss is not compensated through the stability-based floor referenced at 3.5.

- 3.8 As noted earlier in the report, the terms of the Settlement mean that the additional income raised through changes to Council Tax band multipliers (estimated at £110.5m across Scotland) will be retained by the councils where this income is collected. Within Edinburgh, nearly 38% of properties are in Bands E to H, compared to 27% across Scotland as a whole; almost 30% of all Band H properties in Scotland are located within the city. As a result, the £16.1m expected to be raised as a result of the changes represents 14.6% of the all-Scotland total, significantly higher than Edinburgh's equivalent share of needs-based expenditure indicators. When this additional income is offset against the £37.1m above, the net reduction in funding through the Settlement falls to 2.9%, compared to 2.8% for Scotland as a whole.

### **Other key elements of Settlement**

- 3.9 The Cabinet Secretary's announcement also included the following key points:
- i. an additional £120m of annual funding will be made available to schools to support closing the attainment gap, with Edinburgh's share of £7.3m paid as a ring-fenced grant. Further details are awaited on both the uses to which this funding may be allocated and the associated reporting arrangements;
  - ii. the annual level of Scotland-wide funding made available through the Social Care Fund will be increased from £250m to £357m, providing additional support to meet the full-year costs of the Living Wage across the care sector and address pressures related to changes in legislation in respect of sleepover costs, waiving of some care charges and implementation of the measures contained within the Carers' Act. As of the time of writing, confirmation is awaited both of the Council's allocation and the specific sums provided in respect of each element and any attendant conditions;
  - iii. high-level guidance on the permitted level of councils' delegated "offers" to Integration Joint Boards for 2017/18. While the position will become clearer upon receipt of the additional information referred to above, at this stage it is anticipated that the Council's planned level of contribution meets the requirements as set out;
  - iv. confirmation that councils may raise Council Tax levels by up to 3% per annum with effect from April 2017. This is consistent with existing budget framework assumptions; and

- v. a lowering of the business rate poundage by 3.7% which, alongside the draft impact of the rates revaluation effective from April 2017, will result in savings to the Council relative to framework assumptions.

3.10 As in previous years, receipt of each council's funding allocation as set out in the Finance Circular is subject to agreement to the full package of measures and benefits underpinning the Scottish Government's offer, including maintenance of Scotland-wide pupil:teacher ratios at 2016/17 levels. Any Council Leader not accepting the full package has been requested to write to the Cabinet Secretary by 20 January.

### **Impact on budget framework**

3.11 The budget framework report considered by this Committee on 29 September 2016 indicated that, subject to a year-on-year reduction in grant funding of 2.5%, management of shortfalls against approved savings and containment of other risks and pressures, a balanced position could be achieved in 2017/18. In isolation, the net impact of the Settlement announcement, net of the retention of additional Council Tax income resulting from banding changes, is to require a further £2.390m of savings relative to the projected position at that time.

3.12 The mid-year review report did, however, note the potential for a more severe level of funding reduction. Officers have therefore been working to identify additional potential savings options to address the increase in the overall requirement resulting from both the actual funding announcement and residual pressures and shortfalls against a small number of previously-approved savings. Members are reminded of all previously-approved savings, which form part of the budget baseline and are thus included in calculating the residual savings requirement, in Appendix 1.

### **Pressures – updated position**

3.13 The Acting Executive Director of Children and Families has identified gross pressures totalling £4.535m, primarily representing an anticipated shortfall against previously-approved 2017/18 savings in the use of residential care for looked-after children and underlying pressures within residential provision and fostering. A cross-service review has identified means to address £1.642m of this pressure through budgetary re-alignment, leaving a residual pressure of £2.893m.

3.14 The Head of Safer and Stronger Communities has identified residual combined pressures and as-yet unmet savings targets of £1.551m in 2017/18. These relate in the main to approved savings linked to a service-wide review, including consideration of advice services, and rationalisation and greater

efficiency across existing CCTV systems which has been assessed not to be achievable without significant additional investment.

- 3.15 The Executive Director of Place has furthermore identified underlying pressures, after taking account of one-off factors and mitigating actions in 2016/17, of £3.7m within the Waste service. Following a service-wide review to identify potential savings opportunities, through a combination of further reductions in agency and overtime expenditure, budget realignment and use of remaining service reserves, these pressures can be contained within a balanced overall position in 2017/18. In recognising that a number of these measures are of a non-recurring nature, however, in the medium-term underlying residual pressures will require to be addressed through implementation of the Environment Improvement Plan.
- 3.16 In addition to these pressures, no change to existing arrangements is planned at this time in the area of school musical instrument tuition, resulting in a shortfall of £1.668m relative to budget framework assumptions. While work continues to examine possible means of reconfiguring business support in schools, in recognition of the likely need for the phased introduction of changes, offsetting alternative savings of £1.2m require to be identified to address the resulting shortfall.
- 3.17 The mid-year review report noted a likely on-going funding requirement associated with Transport for Edinburgh as it develops its strategic role in integrating transport provision across the city and wider city region. Provision of £0.4m has been made in the budget framework for 2017/18 to meet these costs, with the net requirement for subsequent years to be reviewed as specific business cases are developed.
- 3.18 Recent asset condition surveys have highlighted an on-going need for additional repairs and maintenance expenditure. Available funding will continue to be prioritised based on these survey results. The revenue budget approved by Council on 21 January 2016 increased by £2m planned repairs and maintenance spend in both 2016/17 and 2017/18. It is now also proposed to increase, on a recurring basis, annual revenue and maintenance expenditure by a further £1m to allow a further element of the backlog to be addressed.
- 3.19 Taken together, these residual pressures, savings shortfalls and additional proposed investment increase the revised savings requirement by a further £8.712m. When added to the £2.390m resulting from the level of grant funding settlement announced on 15 December 2016, this increases the overall further level of savings requiring to be identified to £11.102m.



## Review of other budget framework assumptions

- 3.20 In addition to close scrutiny of the delivery of planned savings and management of service pressures, the wider assumptions concerning the Council's key expenditure and income factors are regularly reviewed. In the context of an increase in the overall savings requirement, attention has been directed in the first instance to identifying savings in these areas to maximise investment in frontline services.
- 3.21 The Acting Executive Director of Resources has undertaken a comprehensive review of all current expenditure assumptions contained within the budget framework, with a number of proposed changes listed in Appendix 2. These include:
- i. £2.5m of savings in loans charges, including the impact of a review of asset write-off periods in accordance with relevant professional guidance;
  - ii. a 0.5% increase in the employee performance factor for all staff other than teachers and those within Health and Social Care;
  - iii. application of an element of the pay award "buffer" on the basis of the anticipated overall level of pay settlement for 2017/18, although this assumption will be kept under review as discussions progress;
  - iv. a further net £1m of savings in the area of procurement;
  - v. net savings relative to budget framework assumptions of £1m in business rates, comprising a combination of savings resulting from the reduction in the poundage and the impact of the draft revaluation; and
  - vi. other savings totalling £1.8m, including reductions in agency and consultancy spend in addition to those previously approved and the level of the Council's external audit fee.
- 3.22 Besides levels of grant funding, the budget framework necessarily includes assumptions concerning the Council's other principal income sources. Total additional Council Tax income relative to current assumptions of £1.36m is anticipated in 2017/18, comprising a £1m increase in the property tax base and a further £0.36m linked to exercising the Council's discretion to remove the current discount on second homes. Changes in the forecast level of the Retail Price Index (RPI) should also generate total additional income of £0.25m given the Council's previous approval of aligning discretionary fees and charges levels to wider inflationary trends.

3.23 In total, these changes in framework assumptions address £10.8m of the overall additional savings requirement of £11.102m.

### **Additional savings proposals**

3.24 In accordance with the Financial Regulations, Executive Directors have a responsibility to review their respective budgets on an on-going basis. This includes active monitoring and management of service pressures, delivery of approved savings and application of approved service investment. A small number of further proposed measures listed in Appendix 2 totalling £0.302m have therefore been identified across Communities and Families, having the effect of partially offsetting the budgetary implications of relevant service pressures.

3.25 As in previous years, supporting details for all of these proposals, including assessments of any potential equalities and human rights, carbon, climate change adaptation and sustainable development impacts and associated mitigating actions, will be made available to elected members to inform their respective Groups' consideration in advance of the Council's budget-setting meeting on 9 February.

### **Edinburgh Integrated Joint Board (EIJB)**

3.26 The Chief Officer for the Edinburgh Health and Social Care Partnership has highlighted a need to invest an additional £1.6m in 2017/18, primarily to deal with an assessment backlog and to invest in an integrated telecare and equipment service. Funding to address any resulting packages from addressing the backlog will require to be addressed from within the overall resources available to the EIJB.

3.27 As noted in paragraph 3.9, the Cabinet Secretary's announcement confirmed that total support provided through the Social Care Fund across Scotland in 2017/18 will increase to £357m to address the full-year cost of Living Wage implementation and a number of other pressures affecting the care sector. In view of this additional funding, local authorities will be permitted to reduce their own allocations to IJBs by up to their proportionate share of £80m below the level of budget agreed for 2016/17. In the Council's case, while the distribution of the additional sums remains to be confirmed, this would equate to a permitted reduction of £6.46m based on a share equivalent to that in 2016/17.

3.28 The Council's planning assumption, which thus forms the basis of the provisional offer to the EIJB for 2017/18, is that the above pressures be managed within an overall delegated offer that is unchanged in cash terms from 2016/17. When coupled with the IJB's anticipated share of the additional £107m included within

the Social Care Fund, this would result in an overall cash-terms increase of some £8.6m (4.2%) in resources delegated to the EIJB, excluding sums delegated by NHS Lothian.

## **Overall position**

- 3.29 Subject to approval of the savings proposals and other assumptions set out in paragraphs 3.20 to 3.28 above, these measures have the potential to deliver a balanced budget for 2017/18.
- 3.30 The Cabinet Secretary's announcement did not confirm sector-specific allocations beyond 2017/18. In view of wider longer-term forecasts of public expenditure and Scottish Government spending priorities, however, members of CLT are continuing to examine, through a combination of service transformation and prioritisation, how these challenges might be addressed with a view to allowing early consideration and engagement with the incoming Administration.
- 3.31 The Council's budget framework currently assumes annual grant funding changes of -1%, 0% and 0% in 2018/19, 2019/20 and 2020/21 respectively. Given the 10% real-terms reduction in funding since 2015/16, however, it would be prudent for the Council to reconsider these budget assumptions in due course. Members are reminded that a residual funding gap of £15m exists in 2019/20 and at least a further £11m in 2020/21.

## **4. Measures of success**

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- 4.1 Relevant measures in setting the revenue budget include:
- i. Accurate capturing and quantification of the key determinants of the Council's overall expenditure requirement and available sources of income, allowing a balanced overall budget for 2017/18 and subsequent years to be set as part of a longer-term sustainable framework;
  - ii. Development of savings and investment options aligned to the Council's priority outcomes, with due opportunity provided for public consultation and engagement; and
  - iii. Subsequent delivery of the approved savings, particularly where these are linked to additional service investment, along with key service performance indicators.

## **5. Financial impact**

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- 5.1 The proposals set out within the report have the potential to deliver a balanced budget in 2017/18. In view of potential increases in overall savings

requirements over the longer term, however, additional transformation- and prioritisation- based proposals will be required to secure financial sustainability.

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

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- 6.1 A complementary report on the risks inherent in the budget process is included elsewhere on today's agenda and will be referred to Council as part of the budget-setting process.
- 6.2 The savings assurance process is intended to ensure that, as far as is practicable, those proposals approved by Council deliver the anticipated level of financial savings in a way consistent with the expected service impacts outlined in the respective budget proposals.
- 6.3 Monitoring of delivery is reported to the Finance and Resources Committee on a regular basis. The most recent assessment shows 92% of approved savings to be on track for delivery in 2016/17, with good progress also apparent in preparation for the delivery of subsequent years' savings.

## **7. Equalities impact**

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- 7.1 While there is no direct additional impact of the report's contents, all budget proposals are now subject to an initial relevance and proportionality assessment and, where appropriate, a formal Equalities and Rights Impact Assessment is then undertaken.
- 7.2 As the majority of savings included within the budget framework for 2017/18 were approved in January 2016, the accompanying anticipated equalities and rights impacts were reported [at that time](#).
- 7.3 For those proposals approved only in principle in January 2016 and the newly-proposed savings set out in Appendix 2, commentary on any potential equalities and human rights impacts, and associated mitigating actions, will be included in the templates made available to elected members to ensure they pay due regard to relevant issues in setting the Council's revenue budget for 2017/18.

## **8. Sustainability impact**

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- 8.1 As with equalities and human rights, while there is no direct additional impact on carbon, climate change adaptation and sustainable development of the report's contents, all budget proposals are now subject to an upfront assessment across these areas.
- 8.2 Given that the majority of savings included within the budget framework for 2017/18 were approved in January 2016, the accompanying anticipated equalities and rights impacts were again reported [at that time](#).

- 8.3 For those proposals approved only in principle in January 2016 and the newly-proposed savings set out in Appendix 2, commentary on any material potential impacts will be included in the templates made available to elected members.

## 9. Consultation and engagement

- 9.1 As in previous years, an extensive programme of engagement was undertaken within the context of the Council’s wider transformation programme in October and November 2016. The main findings of this exercise are included on a report elsewhere on today’s agenda.

## 10. Background reading/external references

[Revenue and Capital Budget Framework 2016/20 – mid-year review](#), Finance and Resources Committee, 29 September 2016

[Capital Coalition Budget Motion](#), City of Edinburgh Council, 21 January 2016

[Council Revenue Budget Framework 2016/20 – Impact Assessments - referral report from the Finance and Resources Committee](#), City of Edinburgh Council, 21 January 2016

[Council Revenue Budget Framework 2016/20 – Carbon, Climate and Sustainability Impact Assessments](#), City of Edinburgh Council, 21 January 2016

[2016/20 revenue and capital budget framework](#), Finance and Resources Committee, 14 January 2016

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### Links

<b>Coalition pledges</b>	P30 – Continue to maintain a sound financial position including long term financial planning
<b>Council Priorities</b>	CP13 – Deliver lean and agile Council services
<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 – Previously-approved savings for delivery in 2017/18 Appendix 2 – Budget framework update, 2017/18

PREVIOUSLY-APPROVED SAVINGS FOR DELIVERY IN 2017/18		
Area	Division	Savings 2017/18 £m
<b>Chief Executive (including Safer and Stronger Communities)</b>		
Digital and IT	ICT	0.348
Information Management	ICT	0.140
Re-design of Safer and Stronger Communities (including Advice)	Safer and Stronger Communities	0.880
Re-design of Homelessness Services (General Fund share)	Safer and Stronger Communities	0.098
Strategy and Insight	Strategy	0.330
Transformation and Business Change	Strategy	0.317
Members' Services	Strategy	0.107
<b>Total Chief Executive (including Safer and Stronger Communities) savings</b>		<b>2.220</b>
<b>City Strategy and Economy</b>		
Culture Third Party Payments	Culture	0.155
Culture service restructure	Culture	0.123
Review funding arrangements for Winter Festivals	Culture	0.400
Economy Third Party Payments	Economy	0.154
<b>Total City Strategy and Economy savings</b>		<b>0.832</b>
<b>Communities and Families</b>		
Management	All service	1.095
C&F Third Party Payments	All service	0.119
Sport Third Party Payments	All service	0.407
Efficiencies within social, emotional and behavioural needs (SEBN) secondary provision	Children's Services	0.675
Review of support staff within all Special Schools	Children's Services	0.292
Reduce residential provision by four beds	Children's Services	0.250
Reconfiguration of residential provision	Children's Services	0.076
Reconfigure primary and secondary social, emotional and behaviour difficulties support	Children's Services	0.073
Parenting support review	Children's Services	0.050
Family Solutions review	Children's Services	0.102
Redesign of Libraries Service	Schools & Lifelong Learning	2.546
Redesign of Music Instructor Service	Schools & Lifelong Learning	1.668
Prioritise the funding which supports schools in areas of deprivation	Schools & Lifelong Learning	0.070
Efficiencies in the revenue implications of infrastructure development	Schools & Lifelong Learning	0.050
<b>Total Communities and Families savings</b>		<b>7.473</b>
<b>Health and Social Care (revised savings as approved by Edinburgh Integrated Joint Board, 13 May 2016)</b>		
Mental Health and Redesign	Mental Health	0.080
Transformation: Organisational Review	Service-wide	5.437
Transformation: re-ablement, demand management and telecare	Service-wide	4.943
Social Care Fund	Service-wide	(3.543)
<b>Total Health and Social Care savings</b>		<b>6.917</b>
<b>Place</b>		
Management	All service	0.544
Public Health	Environment	0.154
Parks and Greenspace	Environment	0.236
Task Force	Environment	0.383
Waste Services	Environment	0.364
Reduce internal transport	Environment	0.100
Licensing and Trading Standards	Housing and Regulatory Services	0.040
Stop Repairs and Maintenance of Stair Lighting Service in Tenements	Housing and Regulatory Services	0.250
Transport	Planning and Transport	0.324
Increase parking charges by an average of 4.5% per year over four years	Planning and Transport	1.050
<b>Total Place savings</b>		<b>3.445</b>
<b>Resources</b>		
Business Support	Customer	5.540
Customer Services	Customer	2.776
Finance	Finance	0.126
Commercial and Procurement	Finance	0.457
Human Resources	Human Resources	0.101
Internal Audit and Risk	Legal and Risk	0.032
Legal Services	Legal and Risk	0.259
Asset Management (gross savings)	Property and Facilities Management	0.800
<b>Total Resources savings</b>		<b>10.091</b>
<b>Council-wide</b>		
Reduce use of agency staffing by 20% by 2017/18	All	1.333
Increase in discretionary income - Retail Price Index (RPI) plus 2%	All	1.000
Other net changes		0.454
<b>Total Council-wide savings</b>		<b>2.787</b>
<b>Total gross savings approved January 2016</b>		<b>33.765</b>
<b>Savings approved as part of previous years' budgets (primarily looked-after children-related) and other net changes</b>		<b>6.429</b>
<b>Total approved savings</b>		<b>40.194</b>

<b>BUDGET FRAMEWORK UPDATE, 2017/18</b>			
		<b>£m</b>	<b>£m</b>
			<b>£m</b>
<b>Impact of Local Government Settlement</b>			
Additional reduction in Government Grant relative to position assumed in 29 September report		18.490	
(Offset in part by retention of additional income resulting from changes to Council Tax bandings for properties in Bands E to H)		(16.100)	
			2.390
<b>Pressures</b>			
Communities and Families (residual pressures)		2.893	
Safer and Stronger Communities (residual pressures)		1.551	
Instrumental music tuition		1.668	
Business support in schools		1.200	
Transport for Edinburgh - operating costs		0.400	
Repairs and maintenance - additional investment		1.000	
			8.712
<b>Total additional savings requirement</b>			<b>11.102</b>
<b>Revisions to framework assumptions - expenditure</b>			
Loan charge savings - including review of asset write-off periods	(2.500)		
Employee performance factor - 0.5% excluding teachers and Health and Social Care	(1.500)		
Application of pay award "buffer"	(1.390)		
Procurement	(1.000)		
Business rates - savings from decrease in poundage and net impact of revaluation	(1.000)		
In-year contribution to dilapidations reserve	(0.700)		
Further savings in agency staffing expenditure	(0.500)		
Consultancy spend	(0.250)		
Other savings, including audit fee and inflation provision review	(0.350)		
			(9.190)
<b>Revisions to framework assumptions - income</b>			
Council Tax - additional income	(1.000)		
Council Tax - removal of second home discount	(0.360)		
Additional fees / charges based on RPI projection	(0.250)		
			(1.610)
<b>Additional savings proposals</b>			
<b>Communities and Families</b>			
Intensive behaviour support service	(0.090)		
Edinburgh Connect	(0.142)		
Partnership Development manager	(0.070)		
			(0.302)
<b>Total savings</b>			<b>(11.102)</b>
<b>Net position</b>			<b>0.000</b>

10.00am, Thursday, 9 February 2017

## Revenue and Capital Budget Framework 2017/21 – further update

Item number 4.1(b)(ii)  
Report number  
Executive/routine  
Wards

### Executive summary

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An update on the revenue and capital budget frameworks was considered by the Finance and Resources Committee on 19 January 2017, with these reports referred to Council to inform the budget-setting meeting. The reports reflect grant funding allocations contained within the Local Government Finance Settlement announced on 16 December 2016.

As part of on-going negotiations concerning the securing of Parliamentary approval for the Scottish Budget for 2017/18, revised revenue and capital allocations were advised on 2 February 2017. The full amount of these revenue and capital resources is available for allocation within Groups' respective budget motions.

### Links

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Coalition Pledges [P30](#)  
Council Priorities [CP13](#)  
Single Outcome Agreement [SO1](#), [SO2](#), [SO3](#), [SO4](#)



## Revenue and Capital Budget Framework 2017/21 – further update

### 1. Recommendations

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- 1.1 It is recommended that Council note the anticipated provision of a revised level of resources in 2017/18 as part of setting the revenue and capital budget frameworks for this period.

### 2. Main report

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- 2.1 An update on the revenue and capital budget frameworks was considered by the Finance and Resources Committee on 19 January 2017, with these reports referred to Council as part of today's budget-setting meeting. The reports reflect grant funding allocations contained within the Local Government Finance Settlement announced on 16 December 2016.
- 2.2 On Thursday 2 February, in light of discussions surrounding the securing of Scottish Parliamentary approval for the 2017/18 Scottish Budget, the Scottish Government confirmed the provision of £130m of additional revenue, and £30m of additional capital, funding for local government relative to the levels underpinning the December 2016 Local Government Finance Settlement. Subject to subsequent Parliamentary approval of the accompanying Finance Order at Stage 3 of the Budget Bill, Edinburgh's respective share of these sums is £9.998m and £2.278m. The full amount of these sums is available for allocation within Groups' respective budget motions.
- 2.3 At this stage, formal confirmation is awaited as to whether these sums will be baselined within the Local Government Finance Settlement. This point aside, given the anticipated increase in the overall revenue savings requirement relative to current budget framework assumptions going forward, members may wish to consider allocating sums to support one-off expenditure and, where possible, wider transformation- and prevention-related work across the Council, contributing towards both re-establishing financial stability and achieving key outcomes in the areas concerned.

### **3. Measures of success**

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- 3.1 Relevant measures in setting the revenue budget include:
- i. Accurate capturing and quantification of the key determinants of the Council's overall expenditure requirement and available sources of income, allowing a balanced overall budget for 2017/18 and subsequent years to be set as part of a longer-term sustainable framework;
  - ii. Development of savings and investment options aligned to the Council's priority outcomes, with due opportunity provided for public consultation and engagement; and
  - iii. Subsequent delivery of the approved savings, particularly where these are linked to additional service investment, along with key service performance indicators.

### **4. Financial impact**

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- 4.1 The proposals set out within the reports elsewhere on today's agenda have the potential to deliver a balanced revenue budget in both 2017/18 and 2018/19. In view of potential increases in overall savings requirements over the longer term, however, additional transformation- and prioritisation-based proposals will be required to secure financial sustainability.

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

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- 5.1 A complementary report on the risks inherent in the budget process is included elsewhere on today's agenda.
- 5.2 The savings assurance process is intended to ensure that, as far as is practicable, those proposals approved by Council deliver the anticipated level of financial savings in a way consistent with the expected service impacts outlined in the respective budget proposals.
- 5.3 Monitoring of delivery is reported to the Finance and Resources Committee on a regular basis. The most recent assessment shows 92% of approved savings to be on track for delivery in 2016/17, with good progress also apparent in preparation for the delivery of subsequent years' savings.

### **6. Equalities impact**

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- 6.1 While there is no direct additional impact of the report's contents, all budget proposals are now subject to an initial relevance and proportionality assessment

and, where appropriate, a formal Equalities and Rights Impact Assessment is then undertaken.

- 6.2 As the majority of savings included within the budget framework for 2017/18 were approved in January 2016, the accompanying anticipated equalities and rights impacts were reported [at that time](#).
- 6.3 For those proposals approved only in principle in January 2016 and the newly-proposed savings set out in Item 4.1 (b) elsewhere on today's agenda, commentary on any potential equalities and human rights impacts, and associated mitigating actions, has been included in the templates made available to elected members to ensure they pay due regard to relevant issues in setting the Council's revenue budget for 2017/18.
- 6.4 For those additional measures included within the budget motion following the revised Local Government Finance Settlement announcement, an assessment of any material equalities and rights and carbon, climate change adaptation and sustainable development impacts is being undertaken to minimise any potential negative, and accentuate positive, impacts.

## **7. Sustainability impact**

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- 7.1 As with equalities and human rights, while there is no direct additional impact on carbon, climate change adaptation and sustainable development of the report's contents, all budget proposals are now subject to an upfront assessment across these areas.
- 7.2 Given that the majority of savings included within the budget framework for 2017/18 were approved in January 2016, the accompanying anticipated carbon, climate change adaptation and sustainable development impacts were again reported [at that time](#).
- 7.3 For those proposals approved only in principle in January 2016 and the newly-proposed savings set out in Appendix 2 of Item 4.1 (b) elsewhere on today's agenda, commentary on any material potential impacts has been included in the templates made available to elected members.

## **8. Consultation and engagement**

---

- 8.1 As in previous years, an extensive programme of engagement was undertaken within the context of the Council's wider transformation programme in October and November 2016. The main findings of this exercise are included on a report elsewhere on today's agenda.

## 9. Background reading/external references

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- 9.1 [Revenue budget framework 2017/21 – update](#), Finance and Resources Committee, 19 January 2017
- 9.2 [Capital Investment Programme/Plan 2017/18 to 2025/26](#), Finance and Resources Committee, 19 January 2017

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## 10. Links

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<b>Coalition pledges</b>	P30 – Continue to maintain a sound financial position including long term financial planning
<b>Council Priorities</b>	CP13 – Deliver lean and agile Council services
<b>Single Outcome Agreement</b>	SO1 – Edinburgh’s economy delivers increased investment, jobs and opportunities for all SO2 – Edinburgh’s citizens experience improved health and wellbeing, with reduced inequalities in health SO3 – Edinburgh’s children and young people enjoy their childhood and fulfil their potential SO4 – Edinburgh’s communities are safer and have improved physical and social fabric
<b>Appendices</b>	None

# The City of Edinburgh Council

10.00am, Thursday 9 February 2017

## Council's Budget 2017/21 – Risks and Reserves – referral report from the Finance and Resources Committee

Item number 4.1(c)  
Report number  
Executive/routine  
Wards

### Executive Summary

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On the 19 January 2017 the Finance and Resources Committee considered a report that advised of the risks inherent in the revenue and capital budget framework and the range of measures and provisions to mitigate these. The report has been referred to The City of Edinburgh Council's budget meeting on 9 February 2017 for decision as part of the budget setting process.

### Links

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<b>Coalition Pledges</b>	See attached report
<b>Council Priorities</b>	See attached report
<b>Single Outcome Agreement</b>	See attached report

# Terms of Referral

## Council's Budget 2017/21 – Risks and Reserves

### Terms of Referral

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- 1.1 Unallocated reserves were held against the risk of unanticipated expenditure or reduced income that arose in any particular year. In addition, there were specific earmarked reserves set aside to manage timing differences between the receipt of income and the expenditure being incurred, in accordance with accounting rules.
- 1.2 The reserves held by Council were reviewed annually as part of the revenue budget process. The review considered the level of balances, the risks inherent in the budget process and the adequacy of arrangements in place to manage these known risks.
- 1.3 The Finance and Resources Committee agreed:
  - 1.3.1 To note the report.
  - 1.3.2 To refer the report to Council for decision on 9 February 2017 as part of the budget setting process.

### For Decision/Action

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- 2.1 The City of Edinburgh Council is asked consider the report for decision as part of the budget setting process.

### Background reading/external references

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Minute of the Finance and Resources Committee, 19 January 2017

#### **Kirsty-Louise Campbell**

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## Links

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<b>Coalition Pledges</b>	See attached report
<b>Council Priorities</b>	See attached report
<b>Single Outcome Agreement</b>	See attached report
<b>Appendices</b>	See attached report

# Finance and Resources Committee

10.00 am, Thursday, 19 January 2017

## Council's Budget 2017/21 – Risks and Reserves

Item number	7.7
Report number	
Executive/routine	
Wards	

### Executive Summary

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The report advises members of the risks inherent in the revenue and capital budget framework and the range of measures and provisions established to mitigate these.

### Links

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Coalition Pledges	<a href="#">P30</a>
Council Priorities	<a href="#">CP13</a>
Single Outcome Agreement	<a href="#">SO1</a> , <a href="#">SO2</a> , <a href="#">SO3</a> , <a href="#">SO4</a>



## Council's Budget 2017/21 – Risk and Reserves

### 1. Recommendations

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- 1.1 Members of the Finance and Resources Committee are asked to:
  - 1.1.1 Note the content of this report; and
  - 1.1.2 remit the report to Council for decision on 9 February 2017 as part of the budget-setting process.

### 2. Background

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- 2.1 This report advises members of significant risks identified in the budget process, quantifying these wherever possible, and sets out the range of measures and provisions in place to mitigate these.
- 2.2 Unallocated reserves are held against the risk of unanticipated expenditure or reduced income arising in any particular year. In addition, there are specific earmarked reserves set aside to manage timing differences between the receipt of income and the expenditure being incurred, in accordance with accounting rules.
- 2.3 The reserves held by the Council are reviewed annually as part of the revenue budget process. The review considers the level of balances, the risks inherent in the budget process and the adequacy of arrangements in place to manage these known risks.

### 3. Main report

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#### Risks

- 3.1 There are always risks inherent in the budget process. What is important, however, is that these are identified and mitigated/managed effectively. Appendix 1 shows a risk matrix, setting out how the known risks identified in this report are managed. This list should not, however, be seen as exhaustive due to the complexity of the Council's activities and the changing environment within which it operates.

#### Funding settlements

- 3.2 Financial settlements and wider fiscal policy changes, or more specifically their impact on the level of savings required to set a balanced budget, pose a significant risk to the financial stability of the Council. The 2017/18 Local Government Financial Settlement was announced on 15 December 2016 and confirmed a slight

overall reduction relative to the level of external funding assumed within the budget framework. An update on the implications of this change is included elsewhere on today's agenda.

- 3.3 The level of funding for future years could vary for a number of reasons, including the use of updated population data and the complexities of the funding distribution formula, as well as wider Scottish Government and UK Government fiscal policy. Current expectations are, however, for subsequent years' local government settlements to be increasingly challenging, reinforcing the need for further transformation and more fundamental service prioritisation.

#### **Delivery of approved savings**

- 3.4 The budget process makes assumptions on the level of savings that can be delivered for individual proposals and those linked to wider projects. There are risks around the ability to deliver both the savings already approved by Council for 2017/18 and the additional proposals brought forward in the revenue budget framework for decision on 9 February 2017 within the timescales stated and on a sustainable basis.
- 3.5 The increased scrutiny from both senior management and elected members during the development and subsequent implementation of approved savings has contributed to a marked increase in the proportion subsequently delivered. There remains a risk, however, that the full level of approved savings may not be delivered, particularly in areas affecting frontline service provision, hastening pressures for which sustainable mitigating actions are not then identified. This risk applies equally to the monitoring of investment where expenditure in excess of budgeted levels may result in pressures affecting other areas if mitigating actions cannot be identified.

#### **Demographic changes**

- 3.6 Demographic changes could impact on the overall level of demand for services and the ability to provide for this within the available level of resources. While the budget framework contains over £10m of additional demographic-related investment in 2017/18 and further sums in subsequent years, this does not represent the full requirement identified by services and will thus require to be prioritised and, where possible, invested in preventative approaches.

#### **Legislative change, including welfare reform**

- 3.7 There may be impacts on both Council income streams and demand for services as further elements of welfare reform changes are rolled out across Scotland, with initial pilot schemes reporting significant rent arrears amongst Universal Credit claimants. Those in receipt of such support may suffer some financial hardship, which could impact on demand for housing, health and general welfare, resulting in greater need for Council intervention.

### **Infrastructural investment**

- 3.8 There is a significant likelihood that the Council will require to support additional borrowing and running costs associated with the new infrastructure emerging from the Local Development Plan, City Deal and other major projects.

### **Income**

- 3.9 Assumptions are made in the budget process on the level of income that will be generated for services. There are risks related to these assumptions around (i) demand for chargeable services, and (ii) the ability to collect all income due. The Council has a range of measures to mitigate the risk, such as service level agreements with external users, application of the Council's corporate debt policy and regular monitoring of income levels as a prompt to remedial action.

### **Other risks**

- 3.10 There is a risk that there will be insufficient funding to deliver the planned outcomes of the Edinburgh Integration Joint Board (IJB). The volatility of demand and expenditure in areas of the National Health Service may expose the IJB to further financial risks.
- 3.11 It remains too early to determine with any accuracy the potential impacts, in the medium- to longer-term, of the United Kingdom's departure from the European Union. Alongside any wider constitutional changes, however, this may also impact on demand for, and/or the resources available to provide, the Council's services.
- 3.12 There is furthermore the potential for increased legal costs and / or compensation claims arising as a result of specific events and emerging issues.

### **Reserves**

- 3.13 Members are aware that the Council holds a number of earmarked balances within the General Fund. At 31 March 2016, the General Fund balance stood at £128.396m, of which £115.371m was earmarked for specific purposes. The unallocated General Fund balance remained at £13.025m, in line with the medium-term strategy. There are significant planned applications of earmarked reserves during 2016/17, consistent with the assessment of risks and commitments underpinning the Council's wider financial strategy, with a projected balance at 31 March 2017 of circa £96m.
- 3.14 The current budget does not provide for any further contributions to the unallocated General Fund. The level of unallocated reserves at 31 March 2016, together with the forward strategy, while comparatively low relative to other councils in Scotland, was assessed as appropriate by the council's external auditor, in light of the financial risks likely to face the Council in the short to medium term.
- 3.15 The Council also holds a Capital Fund which has been built up over a number of years. Members are reminded of the approval to draw down £2m as part of the January 2016 Budget Motion and, once realised, a further £7.9m of additional capital receipts, to be split equally between (i) supplementing planned repairs and maintenance spend, and (ii) providing funding towards future LDP infrastructure

requirements, as reported to this Committee on 18 August 2016. A report elsewhere on today's agenda recommends the use of up to £20m from within the Fund to support, along with currently-unallocated funds within the wider capital programme, investment in a number of key Council priorities. Going forward, it is anticipated that the Local Development Plan and City Deal will also place further significant commitments on the Fund.

- 3.16 There will be a call on a number of earmarked reserves, including the Capital Fund, to support the funding of staff release costs as part of the Transformation Programme. The timing and value of this call on reserves will continue to be reported to Committee as the programme progresses.
- 3.17 Taking into account these medium-term funding requirements, with the exception of unallocated general reserves held in accordance with the principles of sound financial management and revolving funds which, by their nature, support investment in subsequent, savings-generating initiatives, the Council's reserves are at this stage assessed to be fully committed over the period covered by the budget framework.

#### **4. Measures of success**

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- 4.1 The Council identifies and quantifies, where possible, risks that are inherent in the revenue budget in advance of these materialising and puts mitigating actions in place.
- 4.2 The Council maintains an adequate level of unallocated General Fund reserves.

#### **5. Financial impact**

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- 5.1 The report identifies where funding has been made available for the risks set out. Council holds unallocated General Fund reserves against the likelihood of unfunded risks occurring.

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

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- 6.1 The aim of this report is to identify the key risks to the Council and outline actions to manage those risks through planning, mitigating actions and use of reserves, as outlined in the attached appendices.

#### **7. Equalities impact**

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- 7.1 While there is no direct impact of the report's contents, all budget proposals are now subject to an assessment of their potential equalities and rights impacts. The equalities and rights impacts of any substitute measures identified to address savings shortfall are similarly assessed.

## 8. Sustainability impact

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- 8.1 While there is no direct additional impact of the report's contents, the Council's revenue budget includes expenditure impacting upon carbon, adaptation to climate change and contributing to sustainable development. In addition, all budget proposals are now subject to an upfront assessment across these areas.

## 9. Consultation and engagement

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- 9.1 There is no external consultation and engagement arising directly from this report, although the Council's budget continues to be subject to a process of annual consultation and engagement.

## 10. Background reading/external references

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- 10.1 [Capital Coalition Budget Motion 2016-17](#), City of Edinburgh Council, 21 January 2016
- 10.2 [Capital Monitoring 2015-16 Outturn and Receipts](#), Finance and Resources Committee, 18 August 2016

### Hugh Dunn

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### Links

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<b>Coalition Pledges</b>	P30 – Continue to maintain a sound financial position including long term financial planning
<b>Council Priorities</b>	CP13 – Deliver lean and agile Council services
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<b>Appendices</b>	Appendix 1 – Risk Matrix Appendix 2 – Projected Movement in General Fund

## Risk Matrix

The table below summarises how the risks identified in the report are managed.

<b>Risk</b>	<b>Provision to Manage</b>
Transformation programme	From monies set aside in an earmarked reserve or other provision to meet the estimated costs  Regular monitoring of savings delivery
Financial settlements	Provisions made in the Long-Term Financial Plan (LTFP)  Regular monitoring of public expenditure projections and recognise potential or actual grant variations in LTFP
Demographic changes leading to rising service demands	Provisions made in the Long-Term Financial Plan
Legal Claims	Unallocated reserves could be drawn down from the unallocated General Fund balance to meet costs
Service area-specific risks	Mitigating action undertaken by Directors to identify alternative measures to manage risks, within available resources
Universal Credit/Welfare Reform	Provisions made in the Long-Term Financial Plan Ongoing monitoring of impacts
Health and Social Care Integration	Ongoing development of Strategic Plan with NHS

## Projected Movement in General Fund

## Appendix 2

<b>General Fund</b>	<b>Balance at 1.04.17 £000</b>	<b>Planned Uses £000</b>	<b>Projected Balance at 31.03.18 £000</b>	
<u>Statutory and / or restricted use</u>				
Balances held by schools under DSM	1,500	0	1,500	Balances set aside for Devolved School Management Scheme. Allocated back to schools at the start of each financial year.
Council Tax Discount Fund	23,638	(6,954)	16,683	Monies set aside as a result of reducing Council Tax second home discounts. Use of the fund is prescribed by the Scottish Government and is restricted to supporting the development of affordable housing. It forms part of the Strategic Housing Investment Fund (SHIF), alongside income from the Repairs and Renewals fund. The SHIF is fully committed to the delivery of 16,000 new affordable homes by the Council and its not-for-profit housing association partners over the next ten years and investment in services to reduce tenants living costs.
Licensing Income	3,131	(97)	3,034	Monies derived from surplus licensing income related to cabs, houses in multiple occupation, liquor and landlord registration. Council is not permitted to use this surplus on other services, with the balance available to cushion changes in fee income levels.
Unspent revenue grants	1,974	0	1,974	Monies set aside at the year end, in accordance with proper accounting practice, where income has been received prior to the relevant expenditure being incurred. Funds will be drawn down in accordance with the grant conditions to match planned expenditure. The majority of funds will be drawn down in year and the new grant funding will be carried forward.

Balances set aside to manage financial risk

Balances set aside for specific investment	7,354	(1,407)	5,947	Funding set aside for specific projects. Including monies for Weather Emergency, imProveit and statutory notice legacy costs.
Contingency funding, workforce management	10,136	(7,000)	3,136	Monies held to cover costs of workforce management changes including staff severance costs.
Council Priorities Fund	2,050	1,300	3,350	Monies set aside which will be utilised to fund emerging Council priorities or expenditure pressures.
Dilapidations Fund	5,410	0	5,410	Monies set aside to meet costs arising from the termination of property leases and other related contractual commitments.
Insurance Fund	12,608	24	12,632	Insurance Funds are held to defray any loss where the Council could have insured against a loss but has not done so, and for paying premiums on an insurance policy. This includes the power to meet excesses on insurance policies.

Balances set aside from income received in advance

Recycling balances	1,160	(211)	949	Monies received through Zero Waste funding, which are fully committed to manage current pressures in Waste Services.
Lothian Buses	4,704	(704)	4,000	Holds dividend income previously received from Lothian Buses. Funds are fully earmarked to support transport-related projects.
Pre-paid PPP monies and lifecycle costs	1,859	130	1,989	Monies set aside in recognition of the phasing issues related to grant monies, for lifecycle costs of projects.
Other Minor Funds	226	(52)	174	Minor funds for other specific projects.



Balances set aside for investment in specific projects

Strategic Investment Fund	5,855	(275)	5,580	Funds set aside to sit alongside private sector finance to create new city development opportunities. Drawdown for industrial units at Sighthill and monies to support financial modelling for Meadowbank development.
Spend to Save Fund	1,436	(167)	1,269	Funds set aside to assist service areas deliver revenue savings in future years through longer-term financial planning; used as a revolving fund.
Energy efficiency Fund	99	(99)	0	Monies received from the Scottish Government's Energy Efficiency Initiative. These funds have been re-invested as part of the RE:fit project following the removal of the ring-fence.
Unallocated General Fund	13,025	0	13,025	Unallocated funds held against the risk of unanticipated expenditure and / or reduced income arising in any particular year, in line with Council reserves policy.
<b>Total General Fund</b>	<b>96,165</b>	<b>(15,513)</b>	<b>80,652</b>	

# The City of Edinburgh Council

10.00am, Thursday 9 February 2017

## Housing Revenue Account – Budget Strategy 2017 – 22 – referral report from the Finance and Resources Committee

Item number 4.1(d)  
Report number  
Executive/routine  
Wards

### Executive Summary

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On the 19 January 2017 the Finance and Resources Committee considered a report that proposed a Housing Revenue Account (HRA) budget for 2017/18 to accelerate delivery of the strategy agreed by Council at its meeting on 21 January 2016. The report has been referred to The City of Edinburgh Council's budget meeting on 9 February 2017 for approval of the HRA Budget, draft five year capital programme and rent levels for 2017/18.

### Links

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<b>Coalition Pledges</b>	See attached report
<b>Council Priorities</b>	See attached report
<b>Single Outcome Agreement</b>	See attached report

# Terms of Referral

## Housing Revenue Account – Budget Strategy 2017-22

### Terms of Referral

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- 1.1 The Housing Revenue Account (HRA) set out the income and expenditure on services to Council tenants. Its Investment Strategy set out improvements to tenants' homes, services and neighbourhoods. The HRA was self-funding, with around 92% of its income coming from tenants' rents and service charges. It also received some income from the sale or lease of land and properties held on the HRA account.
- 1.2 Analysis showed that many Council and Housing Association tenants were facing significant hardship. Since 2008 the incomes of the bottom two deciles had reduced by almost one third in Edinburgh (in comparison, those of the highest earning deciles had increased by around 2%). At the same time, housing costs in the private market had continued to rise. Average private rents were now around £1,000 per month in the city and were the highest by a significant margin of any city in Scotland. Average private rents were double the amount of Council rents in Edinburgh.
- 1.3 These factors combined with insecure temporary employment, the regular application of sanctions in the benefit system and increasing household expenses were making life extremely difficult for the Council's tenants. In response to this, the report proposed further measures to strengthen the approach to reduce the cost of living for tenants agreed by Council last year.
- 1.4 The Finance and Resources Committee agreed:
  - 1.4.1 To refer the 2017/18 Housing Revenue Account (HRA) budget, draft five year capital programme and the rent levels for 2017/18 set out in Appendices 1 and 4 of the report to the Council budget meeting on 9 February 2017 for approval.
  - 1.4.2 To note the progress being made on delivery of Council commitments to tenants, particularly in the construction of new affordable and low cost homes and the acceleration of replacement heating systems.
  - 1.4.3 To approve the approach of securing a robust pipeline of development projects to accelerate further the construction of affordable and low cost market housing.
  - 1.4.4 To approve the development of a Housing Service apprenticeship programme and other measures outlined in the report to support tenants and their children secure employment.

## For Decision/Action

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- 2.1 The City of Edinburgh Council is asked to approve the 2017/18 Housing Revenue Account (HRA) budget, draft five year capital programme and the rent levels for 2017/18 set out in Appendices 1 and 4 of the report.

## Background reading/external references

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Minute of the Finance and Resources Committee, 19 January 2017

### **Kirsty-Louise Campbell**

Interim Head of Strategy and Insight

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## Links

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<b>Coalition Pledges</b>	See attached report
<b>Council Priorities</b>	See attached report
<b>Single Outcome Agreement</b>	See attached report
<b>Appendices</b>	See attached report

# Finance and Resources Committee

10.00am, Thursday, 19 January 2017

## Housing Revenue Account - Budget Strategy 2017-22

Item number	7.8
Report number	
Executive/routine	Executive
Wards	All

### Executive Summary

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This report proposes a Housing Revenue Account (HRA) budget for 2017/18 to accelerate the delivery of the strategy agreed by Council at its meeting on [21 January 2016](#). The two aims of the strategy are to expand and accelerate the Council's affordable and low cost house-building programme and, secondly, to prioritise investment in services that reduce the cost of living for tenants.

This report notes the economic and social hardship experienced by many of our customers and seeks to build on the strategy agreed by Council. The report proposes further measures to improve the quality of life for current and future tenants. These include:

- Measures to secure a robust pipeline of development projects to deliver, with partners, 16,000 affordable and low cost market homes over the next ten years, of which half are Council led. The strategy aims to deliver at least 8,000 homes by 2021/22.
- Further acceleration of replacement heating programmes and insulation measures to directly reduce the cost of living to tenants.
- Introduction of measures to help increase tenants' income by supporting them into employment, as identified as part of the 2017/18 budget consultation exercise.

Consultation with tenants shows high levels of overall satisfaction with the Housing Service, including value for money and support for the strategy set out in this report.

### Links

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Coalition Pledges	<a href="#">P8</a> <a href="#">P30</a>
Council Priorities	<a href="#">CP2</a> <a href="#">CP10</a>
Single Outcome Agreement	<a href="#">SO2</a> <a href="#">SO4</a>

## Housing Revenue Account - Budget Strategy 2017–22

### 1. Recommendations

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It is recommended that Finance and Resources Committee:

- 1.1 Agrees to refer the 2017/18 budget, draft five year capital programme, and the rent levels for 2017/18 set out in Appendices 1 and 4 to the Council budget meeting for approval.
- 1.2 Notes the progress being made on delivery of Council commitments to tenants, particularly in the construction of new affordable and low cost homes and the acceleration of replacement heating systems.
- 1.3 Approves the approach of securing a robust pipeline of development projects to accelerate further the construction of affordable and low cost market housing.
- 1.4 Approves the development of a Housing Service apprenticeship programme and other measures outlined in the report, to support tenants and their children secure employment.

### 2. Background

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- 2.1 On [21 January 2016](#), the Council approved the five year Housing Revenue Account Budget Strategy. The strategy set out to significantly expand the Council's house-building programme to 8,000 new homes and prioritise investment in tenants' homes to reduce the cost of living. The strategy was informed by an extensive consultation with tenants which took place in 2015.
- 2.2 Delivery in 2016/17 has been strong. The city's main developing housing associations have since matched the Council's house-building target. This partnership has agreed to deliver 16,000 new affordable and low cost homes over the next ten years, making it one of the largest Council led house-building programmes in the UK.
- 2.3 Following consultation with housing associations both Health, Social Care and Housing Committee and the Integration Joint Board of the Health and Social Care Partnership have agreed that at least 3,000 of those 16,000 homes will be built to increase capacity for better integrated housing and care services for older people and people with complex health problems.
- 2.4 In light of that commitment Council and housing association house building programmes have been reviewed and a new Strategic Housing Investment Plan

(SHIP) was approved by Committee on [15 November 2016](#). The SHIP sets out the delivery programme over the next five years and shows a 50% increase in the number of homes to be delivered to 6,000 homes. There are currently around 4,000 affordable and low cost homes under construction by the Council and housing associations on almost 70 sites across the city.

- 2.5 On 17 September 2015, Council approved the creation of an arms length market housing company with the Scottish Futures Trust (SFT). Negotiations with Scottish Government officials have been positive and there is strong interest in this new and innovative approach to accelerating house-building. In return for wider powers to invest in these measures and wider financial support for the housing strategy Scottish Government needs reassurance that the delivery pipeline of housing projects is robust. Measures to improve delivery are outlined later in the report.
- 2.6 Progress on measures to reduce tenants' cost of living has also been strong. The heating replacement programme has accelerated delivery by 40% and the kitchen and bathroom programme by 50% on 2015/16 levels. New initiatives, identified through the 2016/17 budget consultation, such as the tenants discount card and new, lower cost energy suppliers, have been introduced and will, along with the food growing programme and energy advice services be further expanded in 2017/18.
- 2.7 On [13 September 2016](#), Health Social Care and Housing Committee approved the 2017/18 budget strategy and agreed to further consultation with tenants on the timeline for delivery and rent options. It also noted the hardship faced by many tenants and the impact of the shortage of affordable homes in the city for those on low to moderate incomes. Committee supported the approach of continued investment in measures and services to reduce tenants' living costs and agreed that the consultation should also seek to identify what else could be done to help tenants on low incomes.
- 2.8 In 2016, like many other areas of the Council, the Housing Service has undergone a transformational change process, adopting a new service model. The twin objectives of increasing efficiency and delivering better integrated local services have driven this transition and the service is now moving to a patch based model. There are around 100 patches across Localities, with an average of 200 tenants per patch. Each patch will have a dedicated housing officer. This model of working has been heavily shaped by feedback from customers and other local residents
- 2.9 Tenant satisfaction is consistently high with satisfaction on the overall Housing Service and quality of homes amongst the top three local authorities in Scotland. Satisfaction with the quality of communication between the Housing Service and its tenants has improved significantly and now has the highest satisfaction rate amongst all local authority landlords. There have also been increased in satisfaction with opportunities to participate in decision making and with the repairs and maintenance service. In addition to these measures there is an extensive programme of tenant inspections and surveys, alongside the Council's own audit processes, that ensure that any areas of concern with the service can be identified and measures put in place to address any problems.

### 3. Main report

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- 3.1 The HRA sets out the income and expenditure on services to Council tenants. Its investment strategy sets out improvements to tenants' homes, services and neighbourhoods. The HRA is self-funding, with around 92% of its income coming from tenants' rents and service charges. It also receives some income from the sale or lease of land and properties held on the HRA account.
- 3.2 Each year Council approves the HRA budget and rent level. This includes consideration of the financial impact of plans for the year ahead, as well as the five year capital programme and the 30 Year Business Plan.

#### **Challenges – Our customers**

- 3.3 Analysis shows that many Council and Housing Association tenants are facing significant hardship. Since 2008 the incomes of the bottom two deciles have reduced by almost one third in Edinburgh (in comparison those of the highest earning deciles have increased by around 2%).
- 3.4 At the same time housing costs in the private market have continued to rise. Average private rents are now around £1,000 a month in the city and are the highest by a significant margin of any city in Scotland. Average private rents are double Council rents in Edinburgh.
- 3.5 Despite the very high levels of demand for affordable and low cost homes the private market is not responding with an acceleration of house building at prices people can afford. A UK study found that more than 70% of those in lowest incomes in the private rented sector are spending more than a third of their net income on housing costs. Growth in house building remains sluggish as the barriers for first time buyer home ownership are becoming insurmountable.
- 3.6 Falling incomes and rising housing costs in the private market are the main drivers of economic inequality in the city. Most predictions this year suggest that continued downward pressure on wages, upward pressure on inflation and economic uncertainty will have the greatest impact on those already worst affected.
- 3.7 These factors combined with insecure temporary employment, the regular application of sanctions in the benefit system and increasing household expenses are making life extremely difficult for our tenants. In response to this, the report proposes further measures to strengthen the approach to reduce the cost of living for tenants agreed by Council last year.

#### **Challenges – Our homes**

- 3.8 For many years asset management of Council homes has been led by two principle drivers. These are that Council homes should meet statutory compliance standards and that replacements should be made at the end of manufacturers' life cycles.
- 3.9 While these factors are important objectives in any asset strategy they can be limiting. The current approach cannot be easily adapted to respond to the changing needs and expectations of residents. In addition it does not consider the total estate, which means it is unable to maximise added benefits to residents of carrying



out complimentary improvements at the same time, such as replacing windows and upgrading heating systems. A more holistic flexible approach needs to be developed to meet modern aspirations while continuing to deliver value to the Council.

- 3.10 The new asset management strategy also needs to address the fact that more than half the homes in flatted blocks have been sold. Most blocks are now in mixed ownership; including the Council, private landlords and homeowners. This tenure mix can be extremely challenging when trying to proceed with essential common repairs, let alone significant enhancement and improvements. Committee has already been advised that options for a new approach to asset management will be developed and reported to committee in 2017.

### **Challenges – Our staff**

- 3.11 Frontline housing staff are meeting tenants every day. These continuous interactions help to build a more accurate picture of the significant challenges facing many tenants. Staff report frustrations at their inability to react in a timely and practical way help to tenants in times of crisis. A review of cases and research into other exemplar landlords has identified options to assist in these circumstances. The Wheatley Group, for example, have granted housing officers discretion to respond to those in exceptional need.
- 3.12 This report proposes taking forward a similar scheme on a pilot basis in 2017/18 with a view to rolling that out in 2018/19. Detailed proposals will be taken to the Health, Social Care and Housing Committee later in 2017.

### **Meeting the challenges**

- 3.13 In January 2016 Council approved a £1 billion investment programme that aims to reduce living costs for tenants by up to £1,500 each year and substantially increase the number of new homes built in the city. Further consultation with tenants in 2016 has bolstered support for the plan and identified other areas for innovation and improvement.
- 3.14 The budget strategy has three core delivery strands:
- **Increased supply** –Radical acceleration of the Council led house-building programme to deliver 8,000 new homes over the next ten years, for people on low to moderate incomes; including homes integrated with health and social care services to deliver better outcomes for those with enhanced health and support needs.
  - **Improvement** - Investment in improving the condition of homes and neighbourhoods, including security and modern facilities, delivered by a transformed and integrated Housing Service.
  - **Innovation** - Policies and services to eradicate inequality and financial hardship, developed in collaboration with tenants and community groups to have the greatest positive impact on their cost of living.

- 3.15 Consultation on the 2017/18 budget and five year strategy ran between 10 October and 30 November 2016, receiving 334 responses and 284 individual comments, a 27% increase on the previous year. Tenants were asked what they thought of the plan, what else was affecting their living costs and whether they wanted the current plan to be delivered over the next five years, to speed up improvements or slow them down. There was overwhelming support for the plan, with over 80% of tenants who responded saying that they supported the current plan and/or agreed that the delivery of these new services should be speeded up over the next five years at a minimum 2% rent increase.

### **Increased supply**

- 3.16 Building new homes remains the top priority for tenants. The Council's investment strategy is part of a wider regional response to meeting housing need and demand by significantly contributing towards the Scottish Government target of delivering 50,000 new affordable homes over the next five years.
- 3.17 The 21<sup>st</sup> Century Homes programme has around 1,800 quality, new energy efficient homes completed, under construction or in procurement. A further 660 homes are at the detailed design stage. The proposed 2017/18 housing development budget is £31.7 million, with an additional £10.5 million for the acquisition of sites for future development. This 400% increase on 2016/17 expenditure will enable the construction of 213 homes at Pennywell and Leith Fort and 654 site starts at North Sighthill, Greendykes and seven small sites across the city.
- 3.18 The SHIP, approved at Health Social Care and Housing Committee in November 2016, identified an approval pipeline of 5,700 affordable homes and 5,921 potential completions by 2021/22. In addition to this mid market homes delivered through 21<sup>st</sup> Century homes and National Housing Trust Phase 3 brings the wider affordable housing development pipeline programme up to 8,000 homes by 2020/21, assuming acquisition of sites for affordable housing development. The city wide affordable house building programme is set out in Appendix 3.
- 3.19 It is essential that the Council and other public sector land owners make land available for the accelerated development of low cost and affordable homes. Strategic partnerships need to be established with public sector landowners to ensure the longer-term objectives of positive, sustainable growth are prioritised over short-term capital returns. There are ongoing negotiations with public sector partners to identify further sites for house building and the quick release of land for other public services. A Regional Land and Property Commission proposal is under development as part of the city deal. This responds to the challenge of securing sites for development of affordable housing.
- 3.20 The significant investment in house building also provides an opportunity to strengthen joint working between housing and health and social care partners to develop homes and integrate services in a more planned and strategic way. A Housing, Health and Social Care forum will be set up early next year and will report to the Integration Joint Board.

- 3.21 In September 2015, the Council sought approval to establish the arms-length company, Edinburgh Homes, to acquire and manage housing for both mid-market and market rent. Two Limited Liability Partnerships will be set up in early 2017: one for market rent and one for affordable, mid-market rent. The pipeline and acquisitions strategy for Edinburgh Homes is twofold. Edinburgh Homes LLPs could enter into partnerships with private sector house builders and developers as an end purchaser of homes and the Council could develop new homes for the Edinburgh Homes LLPs. It is anticipated that Edinburgh Homes will accelerate the delivery of more than 2,000 homes for people on low to moderate incomes.
- 3.22 In relation to HRA sites, 21<sup>st</sup> Century Homes will act as the Council's developer; securing the construction of homes and delivery of placemaking and regeneration objectives. Social rented homes developed on these sites will be retained by the Council, with mid market and market rent homes sold to the LLP. The first homes are expected to be acquired by the LLP in early 2018.

### **Improvement**

- 3.23 The five year capital investment plan (as set out in appendix 4) includes £180 million investment in current homes and neighbourhoods. This includes the commitment that by 2020 no home will have a kitchen and bathroom over 20 years old and all homes will meet the Energy Efficiency Standard for Social Housing (EESH).
- 3.24 The cost of energy continues to be a major concern for many tenants. Significant acceleration of the heating replacement programme has taken place this year with output projected to deliver more than 1,700 new efficient heating systems for tenants, over 40% more than the 1,234 target at the start of the year. This targeted investment in improving the energy efficiency of homes will continue at pace in 2017/18. The Council has also set a target to ensure that, where possible, Council homes will be brought up to a minimum Energy Performance Certificate of C, which will significantly exceed EESH targets and ensure more Council homes than ever before are energy efficient and affordable to heat.
- 3.25 As well as improving existing homes, all new homes will be built to the Silver Standard and will incorporate solar PV into their design, maximising the benefits of renewable energy generation for tenants. The Housing Service will also continue to work with Scottish Government to maximise funding to improve the energy efficiency of homes across the city. As a result of these initiatives almost 2,100 private and social homes receive investment of £3.75 million to improve their energy efficiency in 2016.
- 3.26 The Council has also partnered with Our Power, a new not-for-profit member owned energy company to provide low cost energy. Council homes are now being switched to Our Power when they become empty and current tenants are also now able to switch. Those who have made the change have already commented on lower fuel bills and the excellent customer service.
- 3.27 In addition the Housing Service has partnered with Tower Power, a new community service company that is developing a new model for communities to collectively

bulk buy their energy. Through smart connected metering, and with the potential to install renewable energy generation, the project will help tenants in Dumbiedykes to reduce their fuel bills in 2017/18.

- 3.28 A new Asset Management strategy is currently under development that proposes a fundamental shift to include a wider locality approach. Mixed tenure management continues to be an issue, with a number of home owners in these blocks on low incomes, with little capital or savings to pay for common improvements. The last tenants' survey showed that 69% of tenants felt that it was appropriate for the Housing Service to carry out common repairs and then claim the money back from owners, even if the total cost cannot be reclaimed.
- 3.29 The strategy must balance meeting the needs and aspirations of residents, being flexible enough to respond to shifting priorities, whilst continuing to deliver value for money. It is therefore proposed that different approaches to mixed tenure management be piloted in 2017/18 to help inform the further development of the asset management strategy. These could include:
- Use of Council HRA account to fund mixed tenure works to allow projects to be progressed expediently.
  - Exploring the options of providing loans to private owners over extended repayment periods to provide owners with support and allow projects to be progressed expediently.
- 3.30 A report on the Asset Management strategy and a proposal for a mixed tenure pilot will be brought back to Health, Social Care and Housing Committee later in 2017.
- 3.31 The Neighbourhood Environment Programme will also form part of this wider locality planning approach. Tenant led investment has always been an essential and integral part of this process. Tenants and residents will be involved in planning projects that fit into wider locality regeneration, whilst still developing smaller stand alone projects.
- 3.32 Improving the safety and security of homes and neighbourhoods is essential in developing thriving localities. The Housing Service is currently reviewing the provision of its CCTV cameras. It is proposing to upgrade existing CCTV with HDTV ready cameras that can be networked to a central location. Monitors will still be retained in local community hubs, whilst introducing an element of flexibility, as concierges will no longer be solely responsible for monitoring, freeing them up to be more actively involved in wider estate management and customer service. The project will also seek to expand the network to areas of greatest need and develop a process that will allow for the responsive deployment of CCTV in locality 'hot spots'. These will be identified and initiated through the localities as needs emerge.
- 3.33 Committee approved the Housing Service Transformation plan in November 2015. Since then, the Housing Service has redesigned its delivery model. Investing in frontline services and staff development will be essential as the Housing Service seeks to maintain its high levels of customer service. This personal service also provides unique opportunities for enhanced customer engagement. A regular

programme of market research will also be developed with the aim of developing a culture of scrutiny strongly connected to performance management.

- 3.34 The Housing Service will also explore initiatives such as Glasgow Housing Association's 'Think Yes' policy, which empowers staff to facilitate personalised solutions for customers where they identify an immediate need. By having access to a local budget, staff are able to use their initiative and professional judgement to resolve customer issues "on the spot".
- 3.35 Technology will also be key in effective patch working. The new Housing Officer role will see staff working in their patch for the majority of the day. Work is underway with CGI, the Council's ICT provider, to source the right devices and ensure the right infrastructure is in place to support this.

### **Innovation**

- 3.36 The 2016/17 budget consultation identified the introduction of three new services (broadband, discount scheme and energy advice) and the expansion of community garden network to help reduce tenants' cost of living. Proposals for the procurement of an energy advice service and the expansion of the discount scheme and the community gardens network will be taken back to Health, Social Care and Committee in 2017.
- 3.37 A pilot project to supply high speed broadband to around 1,000 Council Tenants is current under development in partnership with CGI. The pilot will be carried out in two areas in the city in 2017/18. The areas have been selected based on housing mix and the high proportion of Council homes. The pilot will be used to establish the appropriate infrastructure, devices and training to ensure tenants can maximise the benefits of getting online. Following a period of monitoring and review, a detailed business case will be developed for consideration at Committee on the phased roll out across all Council homes.
- 3.38 The 2017/18 consultation asked tenants to confirm they were happy with the current investment plan, it also asked if there was anything else that could be done to help improve their quality of life. One of the emerging themes was employment.
- 3.39 The Housing Service employs over 600 staff, with an average annual turn over of 7%. There is a unique opportunity to get tenants into work through targeted advertising of Council jobs through a variety of engagement channels. Furthermore, these engagement channels can be utilised to inform new tenants and homeless households of wider employability, jobs and training services.
- 3.40 It is however recognised that many tenants will not be 'job ready' and face multiple barriers to gaining employment. Early intervention support from Edinburgh's network of employability providers, linking into the citywide employability hubs and collaboration with the Council's Economic Development service can help remove barriers to employment and provide tenants with access to employment support services.

- 3.41 There are currently many work shadowing placements and apprenticeships across the Council. The 2017/18 budget includes funding for 12 new Modern Apprenticeships that will be promoted to tenants.
- 3.42 There is a further opportunity to align existing employability programmes to the wider housing investment programme. Edinburgh has a highly skilled workforce, but skill gaps remain in key sectors, including the construction sector. Over a third of employers with vacancies report difficulties in finding appropriately skilled applicants. The scale of the new build and investment programmes anticipated in Edinburgh means that these shortages are likely to be a key issue facing the cost and pace of housing delivery. In response to this challenge, a Construction and Housing Skills Supply group has recently been established to develop a response to the projected skills shortage.

### **Funding the strategy**

- 3.43 To implement the strategy outlined above, the HRA would need to invest up to £530 million over the next five years. Maximising investment in current and new homes and delivering new services, means income and expenditure is more closely aligned. This is most visible in years ten to 12 due to the significant investment in the new house building programme and an increase in debt repayment due to historic debt coming to term. Approximately £2.3 million is required from the housing investment fund to ensure the HRA does not go into deficit in these years. Appendix 7 shows the projected income and expenditure, based on the current investment strategy proposed in this report.
- 3.44 The business plan assumes a modest 2% annual increase in rents. It is almost half 2017/18 inflation estimates and is benchmarked against rent increases by other landlords in social and private sectors. In 2016/17 Edinburgh's 2% increase was below the Scottish social rent average. The annual 2% rent increase aims to keep rents affordable and stable for tenants against fluctuating inflation levels.
- 3.45 Each year, around 85% of tenants receive some help with their rent through Housing Benefit. For those not receiving help a 2% rent increase would mean around £2 extra a week.
- 3.46 Affordability to pay rent was raised by the 'Rent Matters' working group. In order to develop a better understanding of this issue the consultation offered tenants the choice of rent levels that were clearly linked to the pace and scale of investment. Over 80% of all tenants who responded said that they supported a minimum 2% rent increase that would enable improvements to be delivered over the next five years. Almost a third of tenants actually said they would be willing to pay more rent if investment could be delivered quicker.
- 3.47 The consultation also asked respondents to indicate if they were in receipt of housing benefit or not and then to vote on their preferred investment option. Of those who indicated that they had to pay some or all of their rent themselves, 76% said they would either like the current investment plan (2% increase over the next five years) or to speed up the plan (over 2% rent increase).

- 3.48 Focus groups will be held in early 2017 with these respondents to have more detailed discussions on what is considered affordable. 'Rent Matters' working group tenant volunteers will help facilitate this.

#### **4. Measures of success**

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- 4.1 Greater visibility of the Housing Service locally for tenants.
- 4.2 A significant reduction in the cost of living for tenants
- 4.3 An increase from 3,000 to 8,000 new affordable homes over the next ten years, which are energy efficient and economic to heat.
- 4.4 All Council homes will comply with SHQS and EESSH by 2020.
- 4.5 Tenants continue to receive a good quality and well-valued housing service.
- 4.6 Tenants continue to live in good quality, safe, homes in well managed neighbourhoods.

#### **5. Financial impact**

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- 5.1 The HRA is self-contained and has no direct impact on the Council's general services budget. The HRA is paid entirely from income from tenants' rents or assets held on the HRA account.
- 5.2 There have been significant changes since the 2016/17 budget was approved. This is primarily due to Housing Service transformation and the transfer of the temporary accommodation service to Stronger and Safer Communities. The HRA now receives rental income for the temporary accommodation units that sit on the HRA.
- 5.3 The HRA has already achieved a 10% reduction in management costs in 2016/17. Further efficiencies in housing management overheads have resulted in further reductions in 2017/18. Housing repairs and maintenance costs are due to reduce by 20% by 2021. Reductions in HRA operating costs will have an impact on the income for services provided by the general fund. These reductions are being phased over five years to mitigate any impacts and ensure they are managed in a way that does not detriment the Council's general fund budget.
- 5.4 Projected expenditure on the HRA revenue account for 2017/18 is £101.8 million, including £13.5 million contribution to the Strategic Housing Investment Fund. A high level summary of the HRA's one and five year budget and the impact the housing investment fund is set out below.

<b>Housing Revenue Account</b>	<b>1 Year £m (2017/18)</b>	<b>5 year £m (2017/18 - 2021/22)</b>
<b>Revenue (See Appendix 1)</b>		
Operating Income	£102	£554
Operating Expenditure and Debt Costs	£88	£494
Capital Investment funded from revenue	£13	£58
Addition to investment fund	£1	£2
<b>Capital (See Appendix 4)</b>		
Capital investment programme expenditure	£37	£180
21st Century Homes Expenditure	£42	£351
Prudential borrowing	£42	£322
Other income and Capital Funded from Current Revenue	£37	£209
<b>Strategic Housing Investment Fund (Repairs and Renewals)</b>		
Opening Strategic Housing Investment Fund (SHIF) balance	£52	£52
SHIF additions	£1	£2
SHIF draw downs	£10	£41
Closing SHIF balance	£43	£13

- 5.5 The Strategic Housing Investment Fund (SHIF) is an amalgam of income from the Repairs and Renewals fund and the Council Tax Discount Fund. It is fully earmarked for the delivery of the plan which focuses on increasing Council homes by a third over the next 10 years and investing in services to reduce tenants living costs. The element relating to the Repairs and Renewals fund is detailed above.
- 5.6 As a result of the accelerated house-building programme all reserves are currently committed in the first ten years of the business plan. Following this the business plan assumes reserves will be built up to a minimum of 10% of in year operating costs to manage risks. This is considered prudent given the expansion of the capital programme and the need to have funds in reserve to deal with unforeseen events.
- 5.7 Due to prudent treasury management and in year surpluses being used to offset capital borrowing requirements, the debt levels have actually decreased by £11 million over the last five years, whilst still delivering a £190 million capital investment programme. This prudent financial management will be key to ensuring the enhanced housing investment programme remains affordable.



## 6. Risk, policy, compliance and governance impact

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### 6.1 The Housing Service faces significant risks:

- **Welfare reform has an adverse impact on rental income.** The Business Plan takes account of the potential risks around under occupation, shared room rate, the four year Local Housing Allowance freeze, the reduction in housing benefit back dating, universal credit and the potential removal of benefits to under 21 year olds. A number of measures have been introduced to improve support to those tenants affected by welfare reform. New measures are being introduced to support teams in prioritising early intervention to manage arrears and prevent tenants getting into debt.
- **Investment in improvement is unsustainable.** The HRA budget strategy is underpinned by the HRA Business Plan. Capital programmes are set annually by Council, after scrutiny by the relevant committees. There is positive support from the Scottish Government for the expansion of affordable house-building. The HRA Business Plan projects a reasonable operating surplus in future years.
- **Challenges facing the delivery of the housing investment strategy.** These include land availability, construction capacity, planning, funding models and integrated decision making. These can be addressed by partners taking a collaborative approach to developing new initiatives, funding models and asset management.
- **Compliance with regulatory standards is not met.** The extent of mixed tenure ownership means that regulatory measures like the Scottish Housing Quality Standard (SHQS) and Energy Efficiency Standard for Social Housing (EESH) are difficult to achieve for all tenants if co-owners are unwilling or unable to participate. The Scottish Government and Scottish Housing Regulator recognise this in relation to the SHQS. A review of the Housing Service's approach to mixed tenure management and the assistance that could be provided to owners will be carried out.
- **Significant changes to housing portfolio.** The HRA strategy sets out an ambitious programme of growing and improving the Council's housing and community assets. This, along with the requirement to reduce the costs of the repairs service, is a significant change in the Council's housing asset base.
- **Future financial pressures can only be met through cutting back on service delivery.** Aligning income and expenditure means that there is not as much financial flexibility to meet the unforeseen costs caused by building failure or particularly severe weather. A contingency fund will be developed to mitigate this risk.
- **Changes in tenant priorities.** The money saving initiatives identified through consultation with tenants are being rolled out over the next five years. Should there be a significant reduction in income, the new services would have to be

scaled back or stalled, resulting in explorative and preparative outlays being lost.

- 6.2 All risks are kept under review and significant changes will be highlighted to the Health, Social and Housing Committee, Finance and Resources Committee and Governance, Risk and Best Value Committee.
- 6.3 The Council is required to set Council house rents annually. The Council is required to consult tenants on the rent strategy and inform them in advance of any rent increases prior to their implementation.

## **7. Equalities impact**

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- 7.1 Prioritising investment on services and improvements that reduce the cost of living for tenants will have a significant financial benefit for tenants who are under financial pressure.
- 7.2 Patch based working will mean housing officers will get to know their tenants better. This should improve access to services for vulnerable tenants, as their needs will be more readily identified.
- 7.3 Investment in new homes and partnership working as part of Health and Social Care integration will help increase the supply of homes built specifically for older people or people with complex health needs.
- 7.4 The house-building programme ensures 10% of all new homes will be built to wheelchair accessible standards.

## **8. Sustainability impact**

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- 8.1 The Council led house-building programme seeks to maximise delivery of homes on brownfield sites, reducing pressure on Edinburgh's green belt. New homes are built to high standards in terms of energy efficiency and sustainability.
- 8.2 It is estimated the accelerated house-building programme will create 3,000 permanent new jobs an addition of 1.5% in employment created in Edinburgh.
- 8.3 Investing in improvements to Council homes will increase energy efficiency and lead to a reduction in carbon emissions.
- 8.4 There are positive impacts on adaptations, carbon emissions and sustainable development arising from this report.
- 8.5 The Council's partnership with Our Power will help ensure stable and affordable energy prices for tenants.
- 8.6 Strategic acquisitions of homes in mixed tenure blocks will allow the Housing Service to carry out more improvements as the sole owner of the block.
- 8.7 A City Region Deal would provide a mechanism to help drive forward investment in sustainable place making.
- 8.8 Improving employment options of tenants and their families.

## 9. Consultation and engagement

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- 9.1 Building on the success of the 2016/17 the 2017/18 'Investing in your future' consultation, co-produced by the Rent Matters working group, received almost a third more responses than the previous year. Tenants were asked what they thought of the Councils' five year investment plan to build more homes and reduce living costs, what else was affecting their living costs and whether they wanted the current plan to be delivered over the next five years, to speed up improvements or slow them down. Tenants were asked to choose between:
- The Current Plan: Increasing rents by around £2 a week to invest in homes and services.
  - Speed Up: Increase rents by more than £2 a week and invest even more in homes and services.
  - Slow Down: Increase rents by less than £2 a week but slow down investment in homes and services.

### **The results**

- 9.2 Over 80% of tenants who responded supported the current delivery plan or for improvements to be sped up. 18% said they would like the plan to slow down and rent to go up by less than 2%. The Edinburgh Tenants Federation stated their support for the consultation, both in terms of its design and delivery and the high quality of the responses received.

- 9.3 Consultation has confirmed that there is strong support for the current plan. Comments included:

*"Excellent idea. Everything in life is costing more every year and wages are not keeping up with those rises."*

*"Very good. I think it is a very good plan. £2 more a week is ok."*

*"I think it is a good idea, it will help people who are struggling and make life a little easier for them."*

*"As a pensioner anything that lowers our cost of living has to be a plus."*

*"It is needed to help people live and give everyone access to a warm house and the benefits of the internet."*

- 9.4 For those tenants who chose to have improvements slowed down, comments included:

*"It's good if it concerns every council/social tenant. Some live in a new house and some live in old houses. And to state that, some buildings are quite bad and need renovation, just like our own building."*

*"Might be ok if work was up to standard. From my experience and from what I've seen it sometimes isn't."*

*“I understand why many would want to speed up the current plan however, by doing this it would majorly affect those who pay full rent and receive no help through housing benefit.”*

- 9.5 Tenants were also asked what else was affecting their living costs and what other services could be invested in to save them money. There were some key themes which came out of the consultation. Tenants highlighted that the costs of energy was still a major concern and also that access to low cost broadband would help reduce costs. In addition to the current investment plan suggestions included:
- Low cost child care
  - Travel concessions
  - Food
  - Leisure activities e.g. swimming
- 9.6 These options will be explored in the coming months and proposals will be taken back to Health, Social Care and Housing Committee as part of the detailed 2017/18 capital investment programme in June 2017.
- 9.7 The consultation also highlighted that many tenants would benefit from discounts in essential services such as glasses, dental work and prescriptions. For many tenants on benefits, they should already be able to access concessions to help with these costs. To ensure tenants are aware of the help available to them, the Housing Service and Edinburgh Tenants Federation will run a joint communications campaign providing jargon-free advice.

### **The process**

- 9.8 Following the conclusion of the 2016/17 consultation three members of the ‘Rent Matters’ group were supported by officers to carry out research into how other local authorities carried out consultation. They presented their findings to a group of senior managers and made 14 recommendations. Thirteen of these were taken forward and implemented as part of this years’ consultation.
- 9.9 The working group met ten times in the last year to establish how, where, when and what would be consulted. The consultation built upon lesson learned in previous years and piloted new approaches to try and increase the response rate.
- 9.10 Tenants were able to respond in variety of ways including a ‘cut-out’ in the Tenants Courier, postcards, online surveys, ballot papers and via email or telephone. The consultation was advertised in local offices and on notice boards in local shops, libraries and community centres, on the Council’s website and email footers. Five road shows were held in the local offices across the city on Mondays to attract tenants coming in to pay their rent. The budget consultation was also promoted at Sheltered Housing Conference in October 2016.
- 9.11 An expanded social media campaign sent out daily messages and a pilot of Facebook advertising was successfully used to target tenants. A short animation video was also developed to ensure that the consultation was as accessible as possible, and was promoted online by the Council and partners. Over 30 Registered Tenant Organisations received information packs and 230 Tenant Panel

members received information either by email, text or letter. Over 1,000 self adhesive freepost postcards were delivered to tenants by housing officers, concierge staff and heating engineers. A lamppost wrap-around advertising campaign was also piloted North West locality to target the more remote areas of Edinburgh where tenants have less access to community centres and libraries.

- 9.12 The budget consultation was the focus of the Tenants Conference, held on 29 October 2016. Workshops were held for tenants to discuss their views of the Council's invest programme and provide comprehensive feedback. At the end of the discussion sessions attendees were invited to vote for which rent option they preferred via a ballot paper.
- 9.13 For the first time a conversation café was hosted at the Drumbrae Hub with tenants able to attend a number of discussion sessions held from 10am to 7pm. Developed with the 'Rent Matters' working group, the event was designed to provide a relaxed setting for tenants to come, have refreshments and share their views.
- 9.14 The rent consultation was also discussed at a meeting of the ETF Federation on 23 November 2016. Officers presented the approach, key messages, consultation questions and the results to date. The meeting was attended by 11 Resident Tenant Organisation representatives and 14 individual tenants. At the end of the meeting ETF held a ballot on the rent consultation. Those tenants who were representing an RTO were asked to vote once as a representative and once as an individual tenant. It was acknowledged that some individuals had not had time to consult with their groups in advance of casting a vote.
- 9.15 The ballot included the three rent options that had been designed and agreed by the 'Rent Matters' working group, plus an additional option of a rent freeze. Almost a third of the votes cast were in favour of the current plan funded by a 2% rent increase; however 69% (25 votes) were in favour of a rent freeze. This analysis has not been included in the final results listed in Appendix 4 as the options are not in line with the questions asked as part of the city wide consultation.

## **10. Background reading/external references**

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- 10.1 [Housing Revenue Account – Budget Strategy 2016-17 – 2020-21, City of Edinburgh Council, 21 January 2016](#)
- 10.2 [Housing Improvement Programme: Delivering the Budget Strategy in 2016/17, Health, Social Care and Housing Committee, 21 June 2016](#)
- 10.3 [Housing Service Tenant Survey 2015, Health, Social Care and Housing Committee, 19 April 2016](#)
- 10.4 [City Housing Strategy Update, Health, Social Care and Housing Committee, 13 September 2016](#)
- 10.5 [Housing Revenue Account Budget Strategy 2017/18 Update, Health, Social Care and Housing Committee, 13 September 2016](#)
- 10.6 [Strategic Housing Investment Plan \(SHIP\) 2017/18 – 2021/22, Health, Social Care and Housing Committee, 15 November 2016](#)

- 10.7 [21<sup>st</sup> Century Homes: Housing Development at Fountainbridge and Meadowbank, Health, Social Care and Housing Committee, 19 April 2016](#)
- 10.8 [Housing Investment to Support Health and Social Care Priorities, Health, Social Care and Housing Committee, 19 April 2016](#)
- 10.9 [Integrated Housing, Health, Care and Support Services, Health, Social Care and Housing Committee, 15 November 2016](#)
- 10.10 [Pennywell-Muirhouse Civic Centre Redevelopment, City of Edinburgh Council, 27 October 2016](#)

**Paul Lawrence**

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**11. Links**

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<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>P30. Continue to maintain a sound financial position including long-term financial planning.</p>
<b>Council Priorities</b>	<p>CP2. Improved health and wellbeing: reduced inequalities.</p> <p>CP10. A range of quality housing options.</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 – Draft HRA Budget 2017/18(Draft)</p> <p>Appendix 2 – Business Planning – High Level Assumptions</p> <p>Appendix 3 – Citywide House-building Programme</p> <p>Appendix 4 – Draft 5 Year HRA Capital Investment Programme</p> <p>Appendix 5 - ‘Investing in your future’ Consultation Results</p> <p>Appendix 6 – Current Context</p> <p>Appendix 7 – HRA Business Plan – Financial Analysis</p>

## Appendix 1 - Housing Revenue Account Budget 2017/18 (Draft)

There have been significant changes in the 2016/17 budget primarily due to Housing Service transformation and the transfer of the temporary accommodation service to Stronger and Safer Communities. The HRA now receives rental income for the temporary accommodation units that sit on the HRA.

	Revised Budget 2016/17 £m	Proposed Budget 2017/18 £m	Movement £m	Movement %	Note
					1
<b>Income</b>					
Net rental income	93.519	95.624	2.105	2%	2
Safer and Stronger Communities	2.100	2.100	0	0%	3
Other income	4.075	4.083	0.008	0%	4
<b>Total income</b>	<b>99.694</b>	<b>101.807</b>	<b>2.113</b>	<b>2%</b>	
<b>Expenditure</b>					
Housing Management	28.878	28.088	-0.790	-3%	5
Service Transformation	0	0.690	0.690	100%	6
Repairs & maintenance	18.130	17.528	-0.602	-3%	7
Debt charges	36.400	38.292	1.892	5%	8
Environmental maintenance	2.885	2.698	-0.187	-6%	9
Movement in bad debt provision	1.100	1.000	-0.100	-9%	10
Strategic Housing Investment	12.301	13.511	1.210	10%	11
<b>Total expenditure</b>	<b>99.694</b>	<b>101.807</b>	<b>2.133</b>	<b>2%</b>	

### Note 1

Between the approved and revised 2016/17 budget temporary accommodation was moved from the HRA to the general fund, a voluntary debt repayment of £10m was made and a budget realignment exercise was conducted post the transformation programme.

### Note 2

'Net rental income' is the total rent that could be collected, minus written off former tenant arrears (0.90%) and rent loss due to empty homes (0.49%). It also takes account of the variation in housing stock numbers including right to buy and 21st Century Homes as well as a rent increase of 2.0% for 2017/18.

### Note 3

This is income from Council homes that are used as managed or dispersed Temporary Accommodation received from Safer and Stronger Communities.

### Note 4

This includes service charges to tenants, non-housing rents and recovered costs from owner occupiers. A freeze has been applied to all 'Other income' for 2017/18.

### Note 5

'Housing Management' includes employee costs, central support costs and recharges, premises and other expenditure. A 10% reduction in employee costs was achieved at the start of 2016/17. Further efficiencies in housing management overheads have resulted in further reductions in 2017/18, at the same time, the housing service has delivered an increase in frontline staff in line with patch working and a 1% increase in salaries.

Housing management also includes the HRA contribution to the advice, support and sheltered housing services managed within Safer and Stronger Communities.

#### **Note 6**

This includes new services to reduce tenants' cost of living including broadband, energy advice, community food growing initiatives and housing apprenticeships.

#### **Note 7**

As a part of transformation a 20% reduction target in repairs and maintenance by 2020 had been set to bring in line with benchmarking.

#### **Note 8**

'Debt charges' are capital financing costs (principal repayments, interest & management expenses) for HRA debt for existing stock and the planned investment programme. Over the last 5 years total debt has reduced by £11 million, whilst at the same time investment of £190 million has been delivered in existing and new homes. Debt charges are expected to increase in 2017/18. This is due to the accelerated house building programme, that will see the Capital investment increase by over 50% on 2016/17 levels.

#### **Note 9**

'Environmental maintenance' comprises grounds maintenance costs, including empty properties, pest control and garden aid. These are services that the Housing Service purchases from other parts of the Council. The standard 2% inflationary uplift has been applied as well as the HRA's share of the taskforce transformation saving.

#### **Note 10**

Rent arrears were projected to grow in 2016/17. To reflect this, the bad debt provision was increased by £1.1m. A number of initiatives have been introduced to improve support to those tenants affected by welfare reform. New measures and the move to patch working aims to prioritise early intervention to manage arrears and prevent tenants getting into debt. This risk has been kept under continuous review and an additional £1.000 million has been set aside in the 2017/18 budget to continue to manage this.

#### **Note 11**

'Strategic Housing Investment' relates to income in excess of operating expenditure. It can be used within the same year to fund new capital investment (CFCR), repay old HRA debt or mitigate unforeseen risks. It can also be transferred to the Repairs and Renewals fund to support the new build programme in future years. The Strategic Housing Investment Fund is an amalgam of the Repairs and Renewals Fund and the Council Tax Discount Fund.

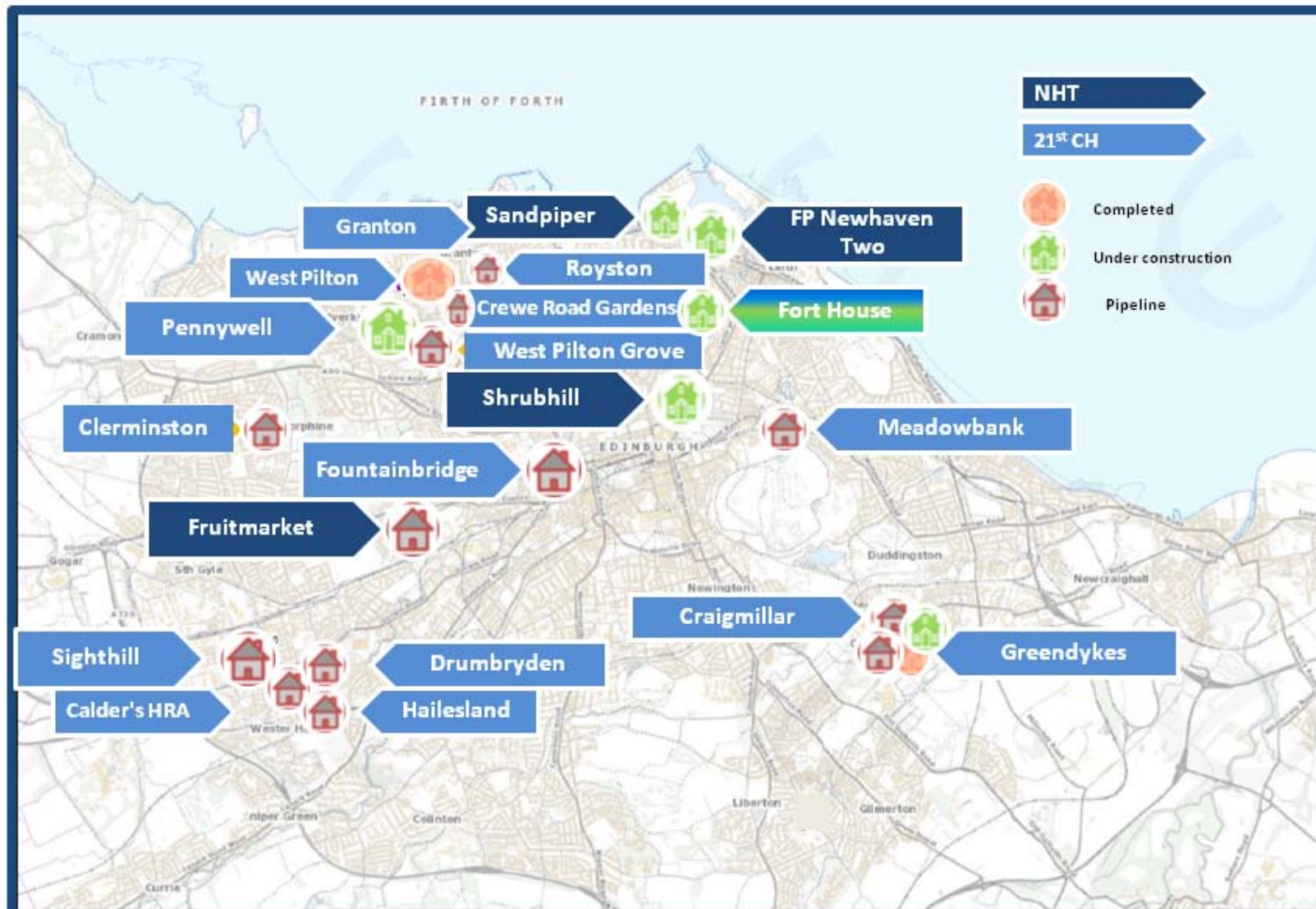


## Appendix 2 – Business Planning – High Level Assumptions

Input	2017/18	Note
Inflationary Increase	2%	Based on Bank of England target inflation rate and Council's long-term financial plan.
Rent Increase	2%	To reflect long-term financial planning and keep rents affordable.  Current inflation estimates for 2017/18 are between 3.5% and 4%.
Net Rental income	98.61%	Total projected rental income, minus written off former tenant arrears and rent loss due to empty homes.
Former tenant arrears write off	0.90%	This has been set at £0.850 million in 2017/18, based on current performance.
Rent lost on empty homes	0.49%	This has reduced from 0.59% in 2016/17, based on current performance.
Reduction Responsive Repairs Costs	£0.810m	20% reduction in repairs costs over 5 years to bring in line with benchmarking.
Debt level (projected for March 2017)	£357m	£358m at 31 March 2016. This reduction is due to £17 million debt repayment at the end of 2015/16 and a limited borrowing requirement in 2016/17.
Interest on debt	5.1%	Increase of 0.1% from 2016/17.  Primarily due to the fact that there was limited borrowing carried out during 2016/17.

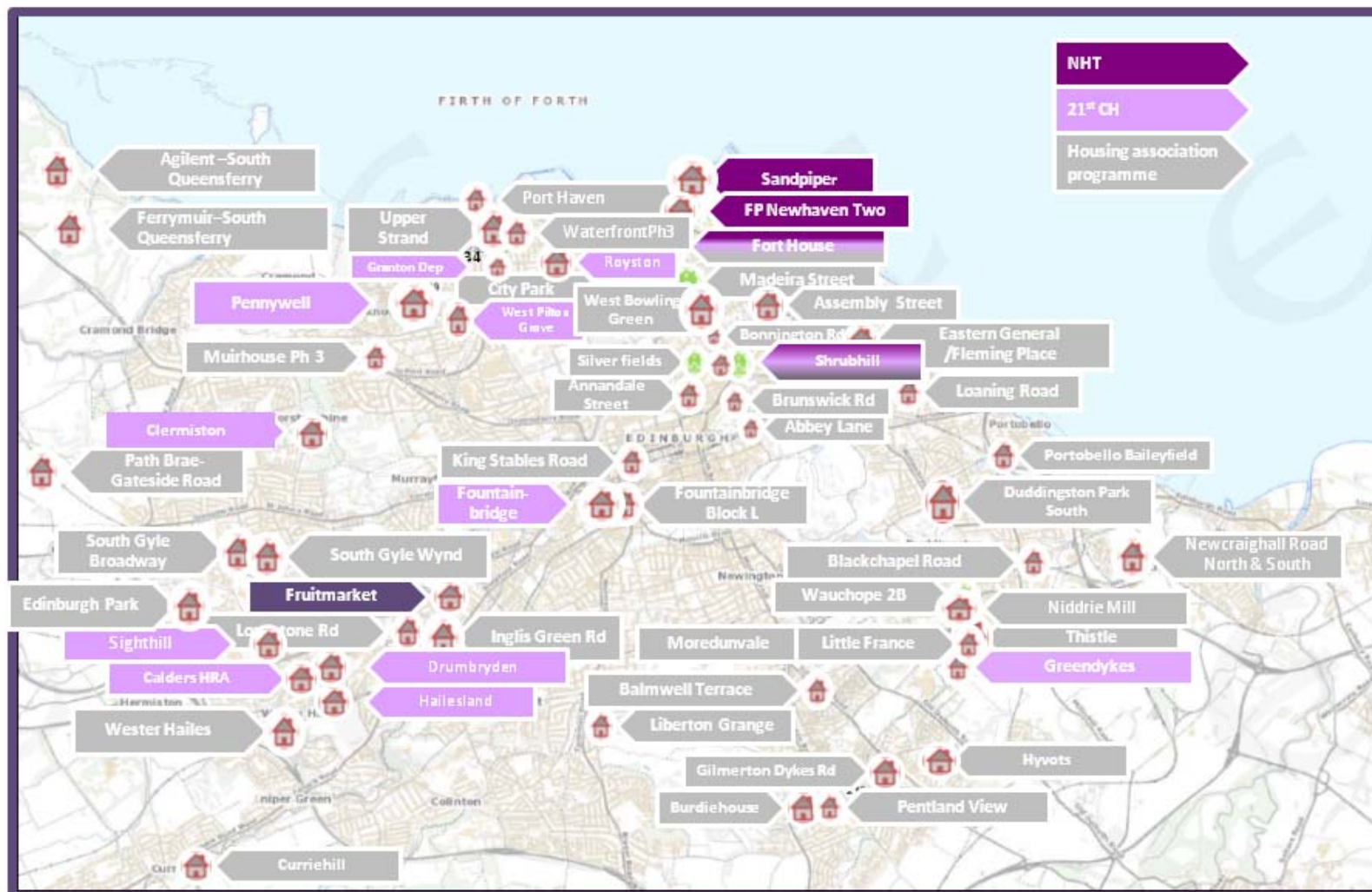
## Appendix 3a – City Wide House Building Programme

Council led house-building programme – 2,000 homes on 20 sites complete, on site or under construction in next 12 months



## Appendix 3b – City Wide House Building Programme

Council & Housing Association led house-building programme of around 4,000 homes on 60 sites complete, on site or under construction in next 12 months



## Appendix 4 – Draft HRA Capital Investment Programme

The 2017/18 Draft Budget and Business Plan are based on the assumptions set out in Appendix 2. Below is the outline draft Capital Investment Programme, which is based on tenant priorities, service performance and statutory investment requirements. The funding strategy may be revised through the year as officers seek to make the best use of any existing and new resources and use the most appropriate funding to generate the best return to the HRA.

Programme Heading	2017/18	2018/19	2019/20	2020/21	2021/22	Total
	£	£	£	£	£	
<i>HRA Core programme</i>						
Housing investment	27,936,500	27,171,500	25,686,500	24,336,500	21,623,345	126,754,345
Service Transformation	1,415,000	4,791,250	4,791,250	4,791,250	4,887,075	20,675,825
Neighbourhood Environmental Investment	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	10,000,000
Community Care	1,550,000	1,550,000	1,550,000	1,550,000	1,550,000	7,750,000
Capital Salaries & CHS	1,919,000	1,938,190	1,957,572	1,977,148	1,996,919	9,788,829
Place making	2,500,000	2,500,000	0	0	0	5,000,000
<b>Sub Total</b>	<b>37,320,500</b>	<b>39,950,940</b>	<b>35,985,322</b>	<b>34,654,898</b>	<b>32,057,339</b>	<b>179,968,999</b>
<i>21st Century Homes</i>						
21st Century Homes investment	42,138,981	60,981,898	61,428,509	71,194,351	115,331,143	351,074,882
<b>Sub Total</b>	<b>42,138,981</b>	<b>60,981,898</b>	<b>61,428,509</b>	<b>71,194,351</b>	<b>115,331,143</b>	<b>351,074,882</b>
<b>Total</b>	<b>79,459,481</b>	<b>100,932,838</b>	<b>97,413,831</b>	<b>105,849,249</b>	<b>147,388,482</b>	<b>531,043,881</b>
Funding Source	£	£	£	£	£	Total
<i>HRA Core programme</i>						
Prudential Borrowing	19,460,500	21,900,940	19,935,322	18,604,898	16,507,339	96,408,999
CFCR	12,500,000	13,000,000	11,000,000	11,000,000	10,500,000	58,000,000
Receipts from other HRA Assets (Acquisitions, disposals & Land etc.)	1,560,000	2,250,000	2,250,000	2,250,000	2,250,000	10,560,000
Capital Receipts and other income	3,800,000	2,800,000	2,800,000	2,800,000	2,800,000	15,000,000
<b>Sub Total</b>	<b>37,320,500</b>	<b>39,950,940</b>	<b>35,985,322</b>	<b>34,654,898</b>	<b>32,057,339</b>	<b>179,968,999</b>
<i>21st Century Homes</i>						
Strategic Housing Investment Fund	9,500,000	17,740,000	2,000,000	7,500,000	15,480,000	52,220,000
Prudential Borrowing	22,985,156	35,879,608	53,225,352	43,145,314	70,341,904	225,577,334
Developers contributions	1,438,825	1,541,290	332,157	3,848,037	6,972,239	14,132,548
Scottish Government Subsidy	8,215,000	5,821,000	5,871,000	16,701,000	22,537,000	59,145,000
<b>Sub Total</b>	<b>42,138,981</b>	<b>60,981,898</b>	<b>61,428,509</b>	<b>71,194,351</b>	<b>115,331,143</b>	<b>351,074,882</b>
<b>Total</b>	<b>79,459,481</b>	<b>100,932,838</b>	<b>97,413,831</b>	<b>105,849,249</b>	<b>147,388,482</b>	<b>531,043,881</b>



# 2017/18 Invest in Your Future Consultation Results

## HRA Budget Strategy 2018/17 – 2021/22

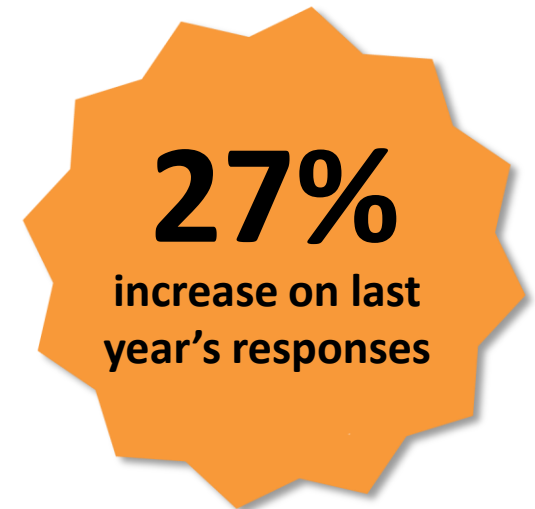
*December 2016*

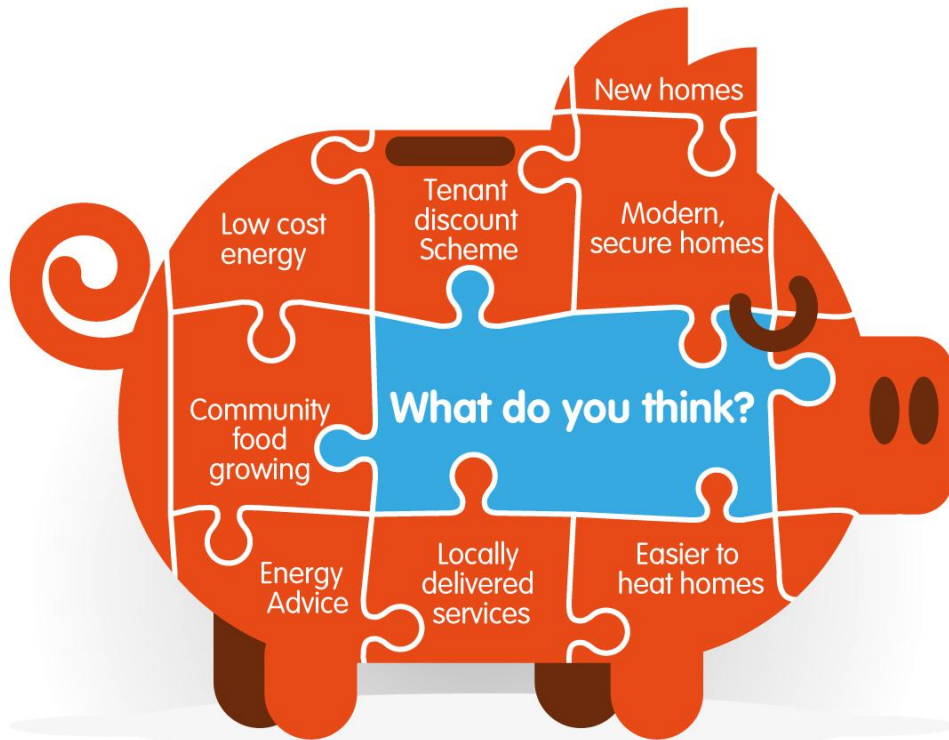
## Total Responses

# 334

## Total Comments

# 284





1. What do you think of the plan to reduce your living costs by 2020?
2. What else is affecting your cost of living? What else can we do to help?
3. Do you want the current plan to speed up improvements or slow them down?

## What was asked

30% increase in advertising and encouraging tenants to get involved  
27% increase on last year's responses

# Promotion



Neighbourhood stalls



Lampost wraps



Animation



Tenants Conference



Texting



Posters



Workshops



Tenants newsletter



Media Articles



Conversation cafe



Emails



+330  
Responses



Social Media



Prize draw



# Who responded



52%

\*5%  
preferred  
not to say



43%

18 to 24

65 to 74

18%

25 to 34

11%

35 to 44

20%

Age

23%

55 to 64

23%

45 to 54

## Location

North West

22%

North East

32%

36%

10%

South West

South East

## Disability

18%

72%

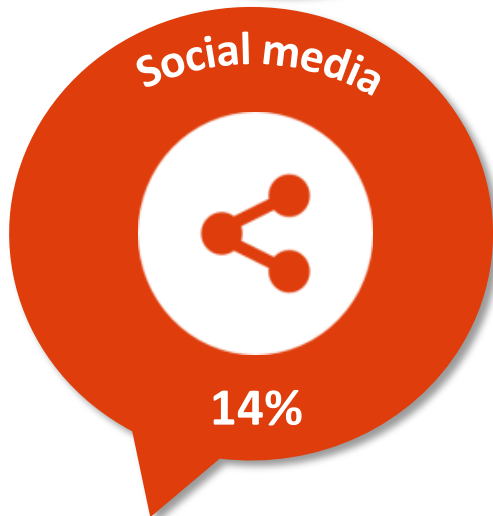
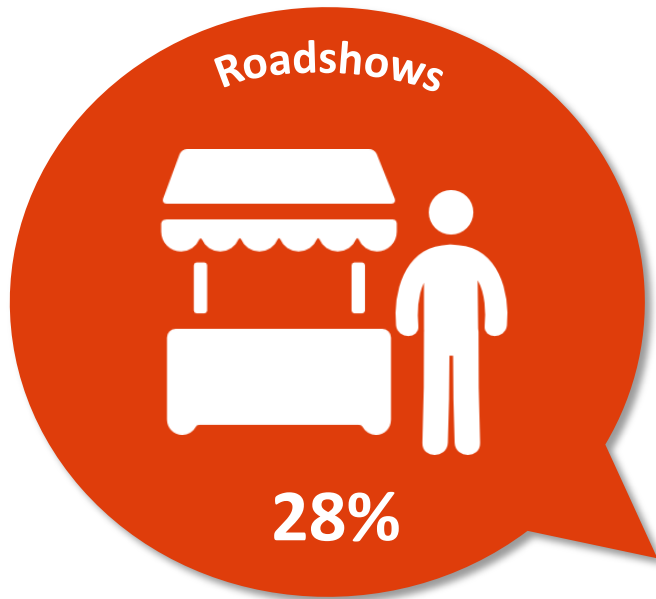
10%

Yes

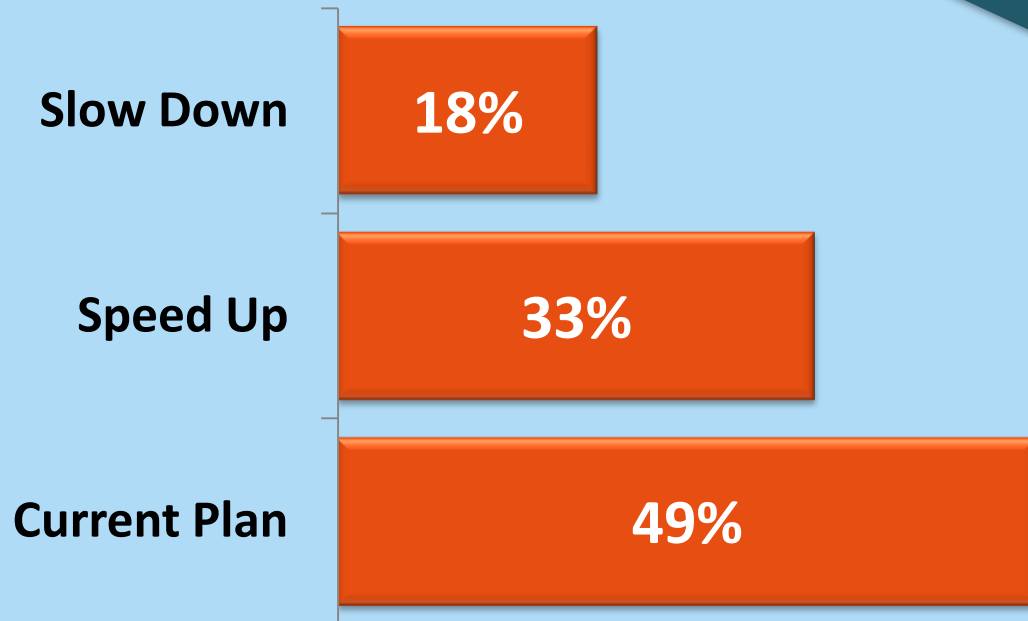
No

Prefer not to say














# How tenants responded



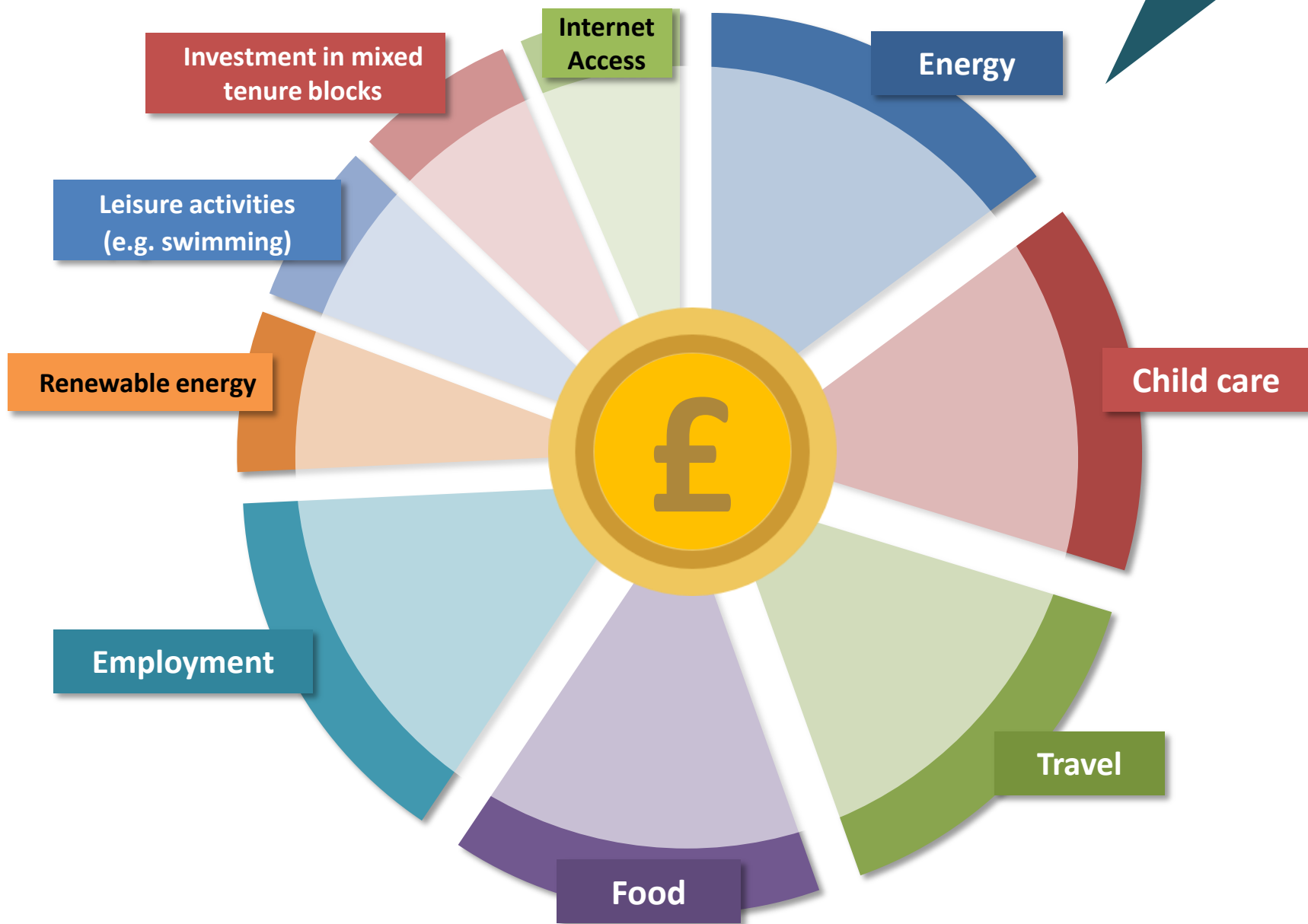
Do you want the current plan, to speed up improvements or slow them down?



# What do you think of the plan?

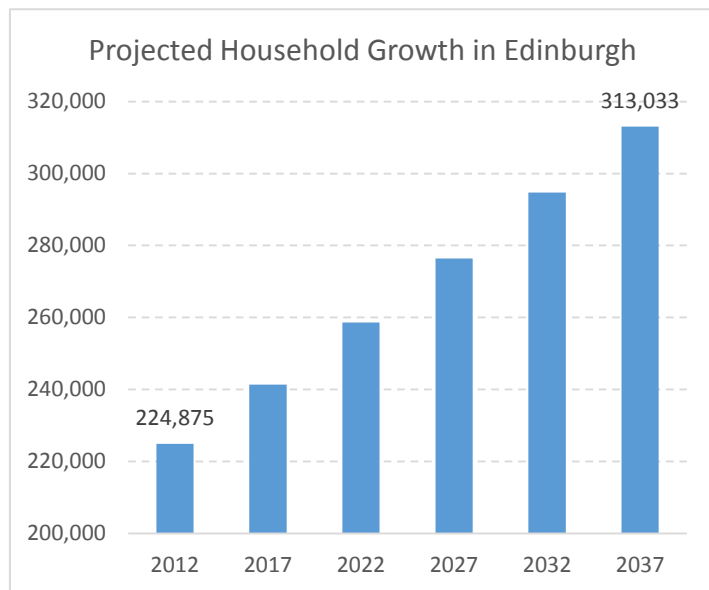
-  **“Excellent idea. Everything in life is costing more every year & wages are not keeping up with those rises.”**
-  **“Very good. I think it is a very good plan. £2 more a week is ok.”**
-  **“I think it is a good idea, it will help people who are struggling & make life a little easier for them.”**
-  **“The faster the plan is completed, the faster and bigger the returns/improvements are, the cheaper the cost is.”**
-  **“As a pensioner anything that lowers our cost of living has to be a plus.”**
-  **“Lower energy costs would help very much as now being 70+ we are in the house more & therefore using more energy”**
-  **“It is needed to help people live and give everyone access to a warm house and the benefits of the internet.”**
-  **“it's good if it concerns every council/social tenant. Some live in a new house and some live in old houses. And to state that, some buildings are quite bad and need renovation, just like our own building.”**
-  **“Might be ok if work was up to standard. From my experience and from what I've seen it sometimes isn't..”**
-  **“I understand why many would want to speed up the current plan however, by doing this it would majorly affect those who pay full rent and receive no help through housing benefit. Those who receive housing benefit would not fully understand the effect it would have on the rest of the tenants.”**
-  **“I am 90 years old, £2 a week is too much for me. I don't get any benefits, only my pension. I can't afford a rent increase.”**
-  **“Rent is sky high as it is”**
-  **“Rents should only go up by inflation levels, the rents are the highest in Scotland already ...CEC should make their tenants aware why work is not progressing on some blocks rather than just putting the rent up. Meanwhile, the blocks turn into ghettos with tenants ashamed about inviting friends etc to visit.”**

# What else is affecting you living costs? What else would help?



## Appendix 6: Current market context

### 1. Edinburgh has the fastest projected household growth amongst all Scottish local authorities

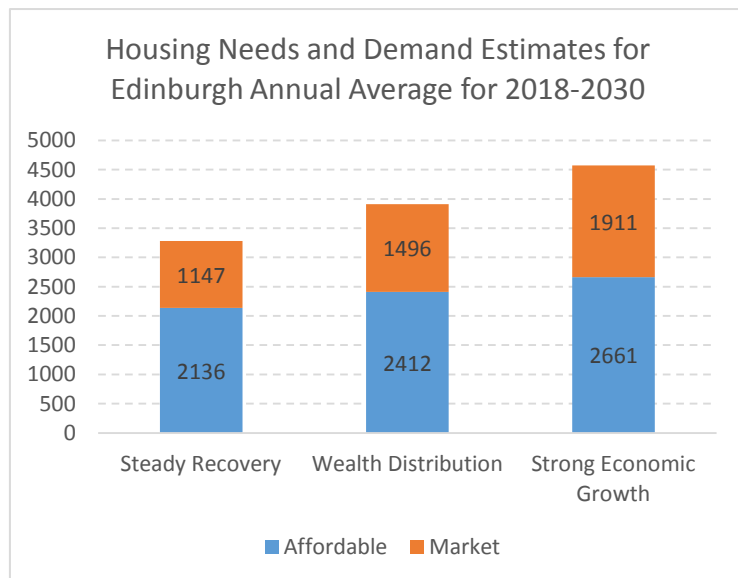


The number of households living in Edinburgh is projected to increase by 39% over the next 15 years (from 224,875 in 2012 to 313,033 in 2037). It has the fastest projected growth amongst all Scottish local authorities.

The overall number of households in Scotland is projected to increase over the same period by 17%.

Source: National Records of Scotland (2012 based projection)

### 2. It is estimated that Edinburgh will need between 3,300 and 4,600 new homes every year for the next 15 years to accommodate household growth



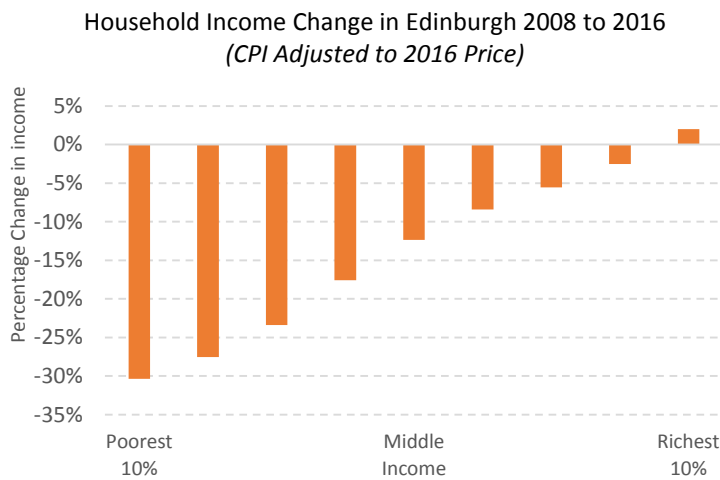
The South East Scotland Housing Needs and Demand Assessment 2015 estimated that Edinburgh would need between 3,300 and 4,600 new homes every year to accommodate its household growth.

The majority of these homes need to be affordable.

The numbers vary depending on the assumptions used on economic growth.

Source: South East Scotland Housing Needs and Demand Assessment 2015

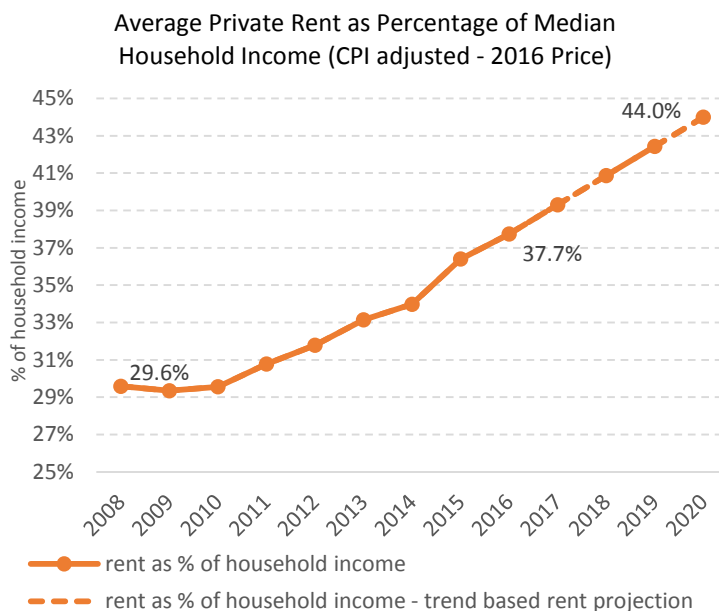
**3. The poorest households have experienced the greatest reduction (between £4k & £6k) in their household income since 2008**



Between 2008 and 2016 incomes have fallen for those already on low incomes. The poorest third of the households have seen their incomes reduced by as much as £6,300 a year in real terms.

Source: CACI Paycheck

**4. Average monthly private rent in Edinburgh is £1,000. It is projected that rent will account for 45% of average income by 2020**

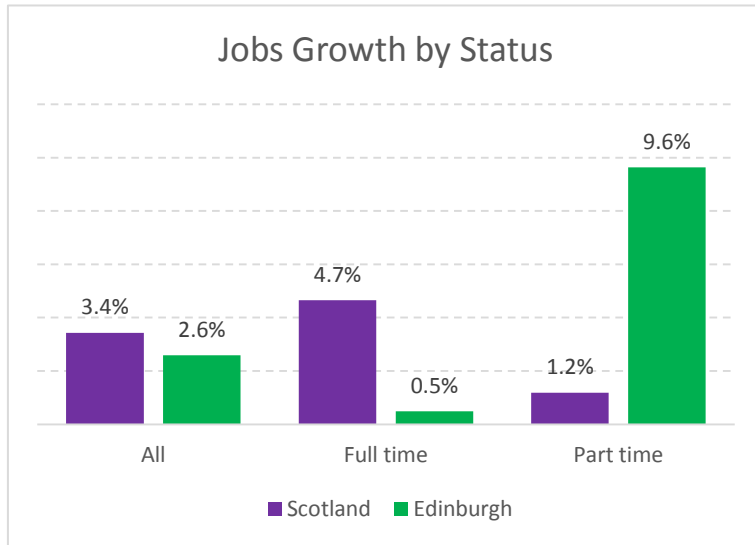


In 2008, a middle earning household would be paying approximately 30% of its income for an average private let in the city, which was deemed affordable. This has increased to 38% in 2016, more than a third of the household income.

When projecting forward with stagnating/reducing income, the same household would be spending 44% its income to rent an average property in 2020.

Source: CACI Paycheck and Citylets

## 5. The number of part time jobs has grown more quickly than full time jobs

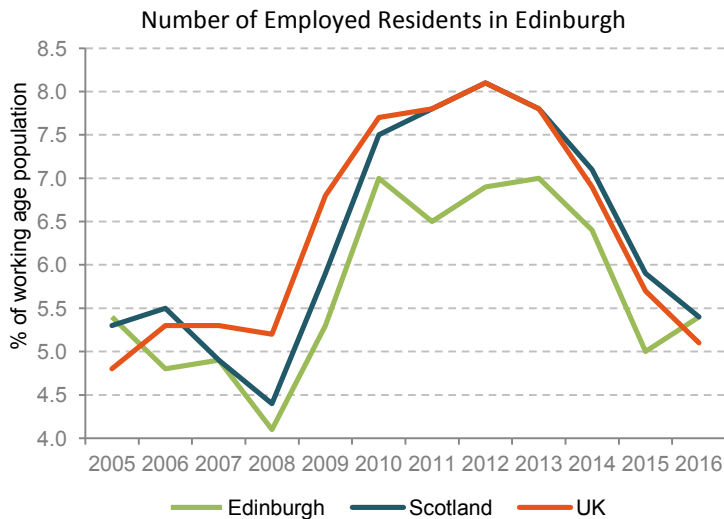


Jobs growth has been strongest in part time employment over the last three years, meaning the total number of hours worked in the city remains relatively stagnant.

Although the growth in jobs has helped to improve the employment rate, it has done little to enhance the quality of jobs available, in relation to pay and contracted hours.

Source: Annual People Survey

## 6. Unemployment levels in the city remain higher than pre recession levels



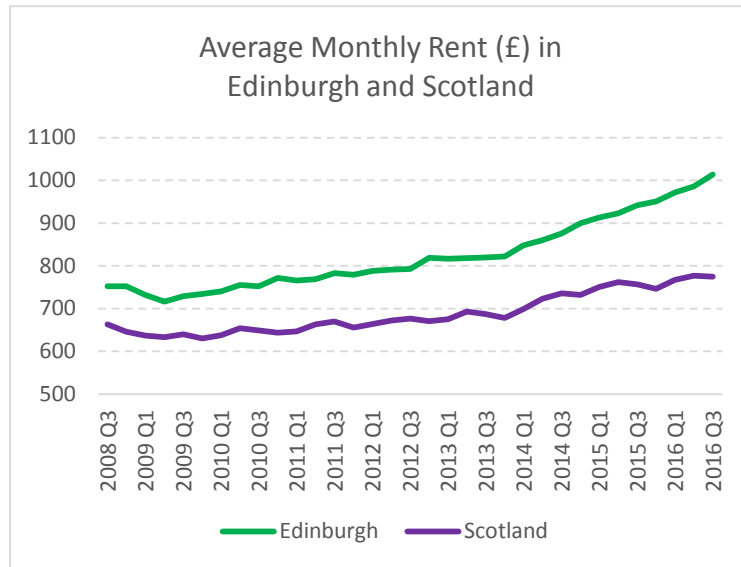
14,200 residents were unemployed in 2015, 5,000 fewer than the peak unemployment levels recorded in 2013, but still higher than pre-recession levels.

Worklessness trends generally mirror those of unemployment. In 2015, 16% of Edinburgh residents lived in a household where no adult was employed.

Source: Annual Population Survey



## 7. Private rents in Edinburgh are growing at a much faster rate than the Scottish average



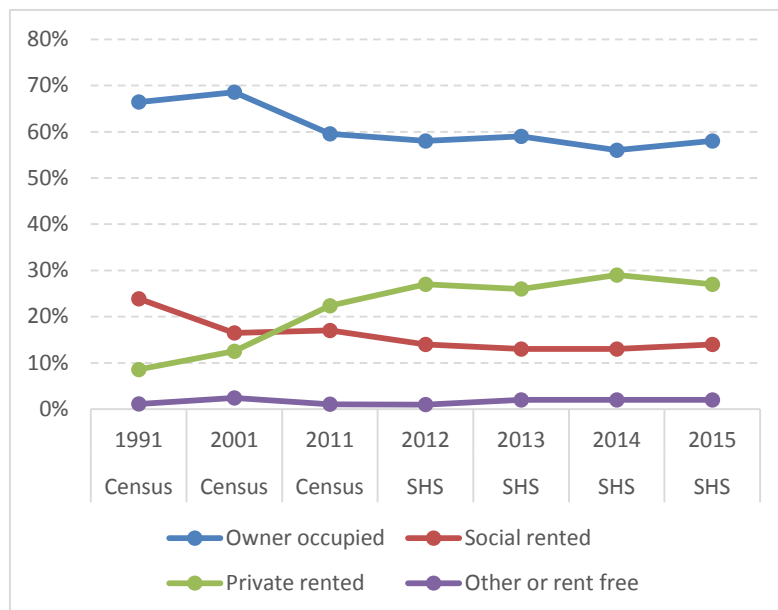
The average private rent in Edinburgh has increased by 35% between 2008 and 2016 to £1,014 per month.

The average rent in Scotland has increased by less than 17% over the same period.

Stagnate/reducing income, along with increasing housing costs, has significantly impacted on economic inequality in the city.

Source: Citylets

## 8. The proportion of private rented homes in Edinburgh has more than doubled since 2001, mainly at the expense of home ownership



The private rented sector only accounted for 13% of the households in Edinburgh in 2001. It has more than doubled (27%) by 2015. This is significantly higher than the Scottish average of 14%.

The owner occupied sector has reduced from its peak of 69% in 2001 to 58% in 2015.

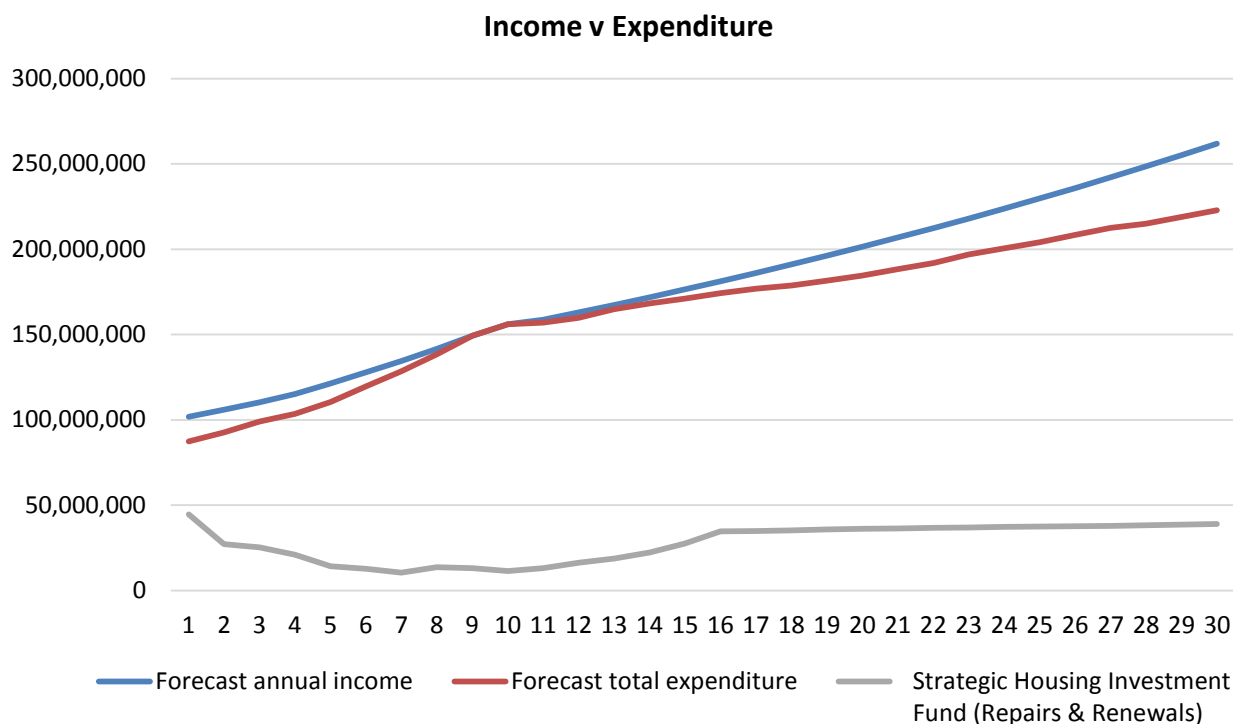
Social rented homes account for 14% of the housing stock in Edinburgh, compared to the Scottish average of 23%.

Source: Census and Scottish Household Survey

## Appendix 7 – 30 Year HRA Business Plan Financial Analysis

This appendix sets out the impact of delivering the investment strategy over the next 30 years. The strategy seeks to deliver 8,000 new homes over the next 10 years, as well as, investing in improving the quality of existing homes and developing innovative services aimed at reducing tenants living costs.

Based on the outcome of this year’s comprehensive tenant consultation the business plan assumes a 2% annual rent increase. Over 80% of tenants said they were willing to pay a minimum of 2% to deliver the current investment plan over the next 5 years. This 2% rent increase is almost half current inflation estimates and below the projected average local authority rent increases in 2017/18.



Maximising investment in current and new homes and delivering new services, means income and expenditure is more closely aligned. This is most visible in years 10 to 12 due to the significant investment in the new house building programme and an increase in debt repayment due to historic debt coming to term. Approximately £2.3 million is required from the Strategic Housing Investment Fund to ensure the HRA does not go into deficit in these years.

A more accurate assumption of the impacts of welfare reform on rental income has been included in the Business Plan. At the same time, the Business Plan assumes the successful implementation of a 20% reduction in repairs costs and an increase in income through the acceleration of the Council’s acquisitions and disposals asset consolidation strategy.

From year 10 onwards, once new homes are completed, the regular rental income does put the HRA back in a comfortable financial position and builds the Strategic Housing Investment Fund to over £30 million by year 17 (20% of annual operating costs) and is maintained at that level to any unforeseen risks. The Business Plan also assumes that housing development will continue at a steady pace from year 10 onwards. Additional in year surpluses are used to reduce the borrowing requirement for the continued capital investment programme.

# The City of Edinburgh Council

10.00am, Thursday 9 February 2017

## Capital Investment Programme/Plan 2017/18 to 2025/26 – referral report from the Finance and Resources Committee

Item number 4.2  
Report number  
Executive/routine  
Wards

### Executive Summary

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On the 19 January 2017 the Finance and Resources Committee considered a report that provided an update on the roll forward of the capital investment programme to 2021/22 and the capital plan to 2025/26. The report has been referred to The City of Edinburgh Council's budget meeting on 9 February 2017 for decision as part of the budget setting process.

### Links

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<b>Coalition Pledges</b>	See attached report
<b>Council Priorities</b>	See attached report
<b>Single Outcome Agreement</b>	See attached report

# Terms of Referral

## Capital Investment Programme/Plan 2017/18 to 2025/26

### Terms of Referral

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- 1.1 Council approved the five year capital programme for the period 2016-2021 in January 2016. A revised programme that incorporated both net slippage/acceleration from 2015/16 and the outcome of a re-phasing exercise was reported to the Finance and Resources Committee in August 2016. The capital programme was based on the ten year capital plan originally set out in 2009, which had subsequently been rolled forward on an indicative basis to 2015 on broadly similar terms as before.
- 1.2 As no firm capital grant allocations had been advised beyond 2017/18 from the Scottish Government, an estimate of each year's General Capital Grant Settlement had been factored in for the period 2018/19 to 2021/22 based on a prudent estimate of the possible Scotland-wide funding and adjusted for a deferred £10.264m allocation from 2016/17 which was assumed to be received in 2019/20. The programme had also been adjusted for current projected capital receipts forecasts and other known sources of income expected from developers and other third party contributions.
- 1.3 The Finance and Resources Committee agreed:
  - 1.3.1 To note the report and refer the report to the Council's budget meeting on the 9 February 2017 for approval of the 2017 - 2022 Capital Investment Programme and updated 2020 – 2026 indicative five year capital plan.
  - 1.3.2 To note that the announcement of the Finance Settlement made in December 2016 indicated additional general capital grant for 2017/18 of £6.93m.
  - 1.3.3 To note that the additional £2.5m of capital investment provided for carriageway and footway works which was provided from existing programme resources.
  - 1.3.4 To note the additional resources of £20m might be available from the Capital Fund, and to refer the report to Council on 9 February 2017 for a decision in the context of infrastructure needs/priorities and existing Council commitments.
  - 1.3.5 To note the up to date analysis of unfunded service priorities and pressures set out within the report.
  - 1.3.6 To note that following the proposed update to the capital plan, £7m of funding per annum was currently unallocated from 2019/20 onwards.

- 1.3.7 To note the recommended use of the additional resources to address some of the Council's capital investment priorities and to refer the report to Council on 9 February 2017 for a decision in the context of infrastructure needs/priorities and existing Council commitments.

## For Decision/Action

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- 2.1 The City of Edinburgh Council is asked to:
- 2.1.1 Approve the 2017 - 2022 Capital Investment Programme and updated 2021 – 2026 indicative five year capital plan.
  - 2.1.2 To consider the use of the additional resources to address some of the Council's capital investment priorities in the context of infrastructure needs/priorities and existing Council commitments.

## Background reading/external references

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Minute of the Finance and Resources Committee, 19 January 2017

### **Kirsty-Louise Campbell**

Interim Head of Strategy and Insight

Contact: Veronica MacMillan, Committee Clerk

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## Links

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<b>Coalition Pledges</b>	See attached report
<b>Council Priorities</b>	See attached report
<b>Single Outcome Agreement</b>	See attached report
<b>Appendices</b>	See attached report

# Finance and Resources Committee

10.00am, Thursday, 19 January 2017

## Capital Investment Programme / Plan 2017/18 to 2025/26

Item number 7.6  
Report number  
Executive/routine  
Wards

### Executive summary

The roll forward Capital Investment Programme (CIP) sets out planned investment for the period 2017/18 to 2021/22. Projects have been realigned, reflecting slippage and acceleration in the current financial year. Spending in the latter years should be viewed as indicative, as details of the likely level of capital grant can only be estimated at this time.

The Finance Settlement announced in December 2016 announced the indicative level of capital funding available in 2017/18 which was £6.93m higher than had been previously assumed. Resources of up to £20m could also be released from the Capital Fund to support additional capital investment.

The CIP is based upon the capital plan which will be rolled forward to the period 2020/21 to 2025/26. Since rolling forward the capital plan in February 2016, £7m per annum of funding, available from 2019/20, has remained unallocated.

This report sets out a proposal whereby the Council may use additional resources to address some of its capital investment priorities.

### Links

Coalition pledges [P3](#), [P8](#), [P30](#), [P31](#), [P33](#), [P42](#)  
Council outcomes [CO1](#), [CO16](#), [CO20](#), [CO23](#), [CO25](#)  
Single Outcome Agreement [SO3](#), [SO4](#)

## Capital Investment Programme / Plan 2017/18 to 2025/26

### 1. Recommendations

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- 1.1 Members of the Finance and Resources Committee are requested to:
- 1.1.1 Note the contents of this report and remit to Council's budget meeting of 9 February 2017 the 2017 – 2022 Capital Investment Programme and updated 2020 – 2026 indicative five year capital plan;
  - 1.1.2 Note that the announcement of the Finance Settlement made in December 2016 indicated additional general capital grant for 2017/18 of £6.93m;
  - 1.1.3 Note the additional £2.5m of capital investment provided for carriageway and footway works, provided from existing programme resources;
  - 1.1.4 Note that additional resources of £20m may be available from the Capital Fund remit to Council for decision on 9 February 2017 in the context of infrastructure needs / priorities and existing Council commitments;
  - 1.1.5 Note the up to date analysis of unfunded service priorities and pressures set out within this report;
  - 1.1.6 Note that following the proposed update to the capital plan, £7m of funding per annum is currently unallocated from 2019/20 onwards; and
  - 1.1.7 Note the recommended use of the additional resources to address some of the Council's capital investment priorities and remit to Council for decision on 9 February 2017 in the context of infrastructure needs / priorities and existing Council commitments.

### 2. Background

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- 2.1 This report provides elected members with an update on the roll forward of the capital investment programme to 2021/22 and the capital plan to 2025/26.
- 2.2 Council approved the five year capital programme for the period 2016-2021 in January 2016. A revised programme, incorporating both net slippage / acceleration from 2015/16 and the outcome of a re-phasing exercise, was reported to the Finance and Resources Committee in August 2016. The capital

programme is based on the ten year capital plan originally set out in 2009, which has subsequently been rolled forward on an indicative basis to 2026 on broadly similar terms as before.

### 3. Main report

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- 3.1 The table below summarises the capital grant allocation the Council has assumed for 2017/18 from the Scottish Government. This is based on analysis of the Finance Settlement released on 15 December 2016.

	<b>2017/18</b>
<b>Edinburgh's Allocation</b>	<b>£m</b>
General Capital Grant	51.430
Specific Capital Grant	29.798
<i>Of which:</i>	
<i>Management Development Funding</i>	29.115
<i>Cycling, Walking and Safer Streets</i>	0.683

- 3.2 As no firm allocations have been advised beyond this, an estimate of each year's General Capital Grant Settlement has been factored in for the period 2018/19 to 2021/22 based on a prudent estimate of the possible Scotland-wide funding and adjusted for a deferred £10.264m allocation from 2016/17 which is assumed to be received in 2019/20.
- 3.3 The programme has also been adjusted for current projected capital receipts forecasts and other known sources of income expected from developers and other third party contributions.
- 3.4 Executive Directors, working in conjunction with the Capital Monitoring Team, have been asked to re-profile the existing capital programme, including slippage and acceleration identified at period eight, based on up-to-date cash flow information.
- 3.5 The review also considered the extent of under-programming in the programme. When reviewed together with the additional borrowing requirement for 2016/17 identified in the Period 8 monitoring report, it is possible to allocate an additional £2.5m for carriageway and footway works.
- 3.6 The roll forward capital programme, incorporating this review can be seen at Appendix 1.



### **National Housing Trust (NHT) update**

- 3.7 On 12 February 2015, Council approved borrowing for on-lending of up to £54.998m for entering into NHT phase 3. Three contracts have been entered into for developments at Fruitmarket, Shrubhill and Western Harbour which will provide 368 new affordable homes by the end of 2020.
- 3.8 The Walled Garden development, previously reported, is not proceeding through NHT 3 due to the developer and land owner failing to reach terms of agreement. For the three progressing projects, the overall borrowing requirement for on-lending is estimated to be £50.121m.

### **Current Unfunded Priorities and Pressures**

- 3.9 Current unfunded capital priorities over the period 2017-2022, including an element of works across the Council estate collated from each Executive Director totalling approximately £125.765m are summarised in Appendix 2. This is an up to date list of each Service's top three priorities ranked in order of importance taking cognisance of Council commitments and pledges.
- 3.10 While there are insufficient resources to meet all priorities, members may wish to consider applying additional resources against five of the Council's top priorities.
- North Bridge - £12.0m
  - New South Edinburgh Primary School - £12.7m
  - Meadowbank Stadium - £7.9m
  - Dumbryden Care Home - £1.6m
  - Rising School Rolls (part-funding) - £6.7m
  - Appendix 3 sets out a potential funding solution for these projects.
- 3.11 Members are also reminded of the likely future infrastructure requirements as a consequence of projected housing growth in the city initiated through the Local Development Plan (LDP). This stated that there will still likely be an overall large funding requirement falling to the Council as a result of infrastructure provision. Budget provision of £0.9m was provided in 2015/16 for early design works on likely transport and education infrastructure and Council approved at its budget meeting on 21 January 2016 allocation of £3.95m from the Capital Fund to be drawn down as required.
- 3.12 The roll forward capital programme is for General Fund projects only. The Housing Revenue Account capital budget will be the subject of a separate report.

### **Updated Indicative Capital Plan 2021 - 2026**

- 3.13 The Capital Plan was rolled forward to the period 2019/20 to 2023/24 in January 2016. It is proposed to roll forward the five year capital plan on the basis of directing approximately £41m of capital expenditure per annum to the same

priority areas as before. To date, the £7m of funding has remained unallocated pending a decision by elected members as to where best to redistribute this.

## **4. Measures of success**

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- 4.1 The City of Edinburgh Council sets a capital budget which adheres to the key objectives of the Prudential Code. These are to ensure, within a clear framework, that the capital plans of the Council are affordable, prudent and sustainable.

## **5. Financial impact**

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- 5.1 The revenue funding required to support the borrowing costs associated with the five-year capital programme (2017-2022) is provided for in the long term financial plan.
- 5.2 Council can only commit to further capital expenditure if revenue expenditure plans are affordable and sustainable. Inclusion of any additional revenue investment within the budget framework is contingent upon the development, and subsequent delivery, of corresponding savings, alongside management of all risks and pressures, particularly those of a demand-led nature.

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

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- 6.1 Capital monitoring and budget setting processes adopted ensure effective stewardship of resources. The processes applied aim to ensure projects are delivered on time and budget whilst fulfilling the financial criteria of value for money.
- 6.2 Monitoring of major capital projects including risk assessment is carried out by Strategy and Insight.
- 6.3 The risk of not adequately investing in infrastructure means that it does not meet Council's and stakeholders' needs and does not remain fit for purpose in the future.
- 6.4 Legal and reputational risk from failure in considering and evidencing due regard of the Climate Change (Scotland) Act 2009 Public Bodies Duties and Equality Act 2010 Public Sector Equality Duties in capital projects.

## **7. Equalities impact**

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- 7.1 The Council's capital expenditure contributes to the delivery of the public sector equality duty to advance equality of opportunity and foster good relations e.g. enhancement works related to the Disability Discrimination Act, works on

Communities and Families establishments and capital expenditure on Council Housing stock.

## 8. Sustainability impact

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- 8.1 The impacts of the projects set out within the appendices of this report in relation to the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties have been considered, and the outcomes are summarised below. Relevant Council sustainable development policies have been taken into account.
- 8.2 The proposals in this report will help achieve a sustainable Edinburgh because they are ensuring funding for key strategic projects that will enhance facilities and infrastructure in the city. A carbon impact assessment shall be carried out on each new project to achieve the most sustainable outcome for the city in each case.
- 8.3 The capital plans in this report will increase the city's resilience to climate change impacts because they provide funding for flood prevention projects.

## 9. Consultation and engagement

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- 9.1 Consultation on the budget has been undertaken as part of the budget process.

## 10. Background reading/external references

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[Edinburgh Local Development Plan - Adoption](#), City of Edinburgh Council, 24 November 2016

[Revenue and Capital Budget Framework 2016-2017 Mid Year Review](#), Finance and Resources Committee, 29 September 2016

[Capital Monitoring 2016-17 Outturn and Receipts](#), Finance and Resources Committee, 18 August 2016

[Capital Investment Programme Plan 2016/2017 - 2023-2024 - referral report from Finance and Resources Committee](#), City of Edinburgh Council, 21 January 2016

### **Hugh Dunn**

Acting Executive Director of Resources

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<b>Coalition pledges</b>	<p>P3 – Rebuild Portobello High School and continue progress on all other planned school developments, while providing adequate investment in the fabric of all schools</p> <p>P8 – Make sure the city’s people are well-housed, including encouraging developers to build residential communities, starting with brownfield sites</p> <p>P30 – Continue to maintain a sound financial position including long-term financial planning</p> <p>P31 – Maintain our City’s reputation as the cultural capital of the world by continuing to support and invest in our cultural infrastructure</p> <p>P33 – Strengthen Neighbourhood Partnerships and further involve local people in decisions on how Council resources are used</p> <p>P42 – Continue to support and invest in our sporting infrastructure</p>
<b>Council outcomes</b>	<p>CO1 – Our children have the best start in life, are able to make and sustain relationships and are ready to succeed</p> <p>CO16 – Edinburgh draws new investment in development and regeneration</p> <p>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 future of citizens</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>CO25 – The Council has efficient and effective services that deliver on objectives</p>
<b>Single Outcome Agreement</b>	<p>SO3 - Edinburgh’s children and young people enjoy their childhood and fulfil their potential</p> <p>SO4 - Edinburgh’s communities are safer and have improved physical and social fabric</p>
<b>Appendices</b>	<p>1 – Draft Roll Forward Capital Investment Programme 2017-2022</p> <p>2 – Currently unfunded capital priorities</p> <p>3 - Officer Recommended Projects and Potential Funding</p> <p>4 – Updated Indicative Capital Plan 2021-2026</p>

**REVISED  
CAPITAL INVESTMENT  
PROGRAMME 2017-2022**  
(Incorporating part-year slippage from 2016/17)

**REVISED CAPITAL INVESTMENT PROGRAMME 2017-2022**

**SUMMARY OF EXPENDITURE AND RESOURCES - GENERAL SERVICES**

2017-2022	2017-18 £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	Total £000
<b>Expenditure</b>	<b>172,232</b>	<b>52,367</b>	<b>113,514</b>	<b>41,000</b>	<b>41,000</b>	<b>420,112</b>
<b>Resources</b>						
<b>Capital receipts</b>						
General asset sales	18,936	1,038	6,318	3,000	3,000	32,292
Less additional receipt income transferred to capital fund	-5,559	-	-	-	-	-5,559
Asset sales to reduce corporate borrowing	1,380	-	-	-	-	1,380
Ring-fenced asset sales	7,795	3,500	3,000	-	-	14,295
Developers and other contributions	174	-	585	-	-	759
Capital Grants Unapplied account	-	-	-	-	-	-
<b>Total receipts</b>	<b>22,726</b>	<b>4,538</b>	<b>9,903</b>	<b>3,000</b>	<b>3,000</b>	<b>43,167</b>
<b>Grants</b>						
Specific Capital Grant	29,798	-	-	-	-	29,798
General Capital Grant	44,500	44,500	48,264	38,000	38,000	213,264
- General Capital Grant adjustment following announcement	6,930	-	-	-	-	6,930
<b>Total Grants</b>	<b>81,228</b>	<b>44,500</b>	<b>48,264</b>	<b>38,000</b>	<b>38,000</b>	<b>249,992</b>
<b>Borrowing</b>						
Support brought forward	17,515	-	-	-	-	17,515
Prudential framework						
- Through council tax	-	-	-	-	-	-
- Departmentally supported	47,897	12,690	52,863	-	-	113,450
<b>Total borrowing</b>	<b>65,412</b>	<b>12,690</b>	<b>52,863</b>	<b>-</b>	<b>-</b>	<b>130,965</b>
Over / (under)-programming	2,866	-9,361	2,484	-	-	-4,012
<b>Total Resources</b>	<b>172,232</b>	<b>52,367</b>	<b>113,514</b>	<b>41,000</b>	<b>41,000</b>	<b>420,111</b>

Grant funding is based on prudent estimates.

**REVISED CAPITAL INVESTMENT PROGRAMME 2017-2022**

<b><u>SUMMARY OF EXPENDITURE</u></b>	<b>Revised Budget 2017-18 £000</b>	<b>Indicative Budget 2018-19 £000</b>	<b>Indicative Budget 2019-20 £000</b>	<b>Indicative Budget 2020-21 £000</b>	<b>Indicative Budget 2021-22 £000</b>	<b>Total Budget 2017-2022 £000</b>
<b>General Services</b>						
Chief Executive	1,125	-	-	-	-	1,125
Communities and Families	27,278	12,984	6,709	165	165	47,301
Edinburgh Integration Joint Board	108	-	-	-	-	108
Place	125,659	32,154	72,698	19,835	19,835	270,180
<b>Resources - Asset Management Works</b>						
Communities and Families	10,101	4,398	7,930	-	-	22,429
Edinburgh Integration Joint Board	115	-	25	-	-	140
Place	739	1,337	230	-	-	2,306
Resources - Corporate Property	177	1,494	1,596	-	-	3,267
Not yet allocated to services	-	-	17,326	14,000	14,000	45,326
<b>Unallocated</b>						
Unallocated - indicative 5 year plan	-	-	7,000	7,000	7,000	21,000
Unallocated - additional grant monies	6,930	-	-	-	-	6,930
<b>Total General Services</b>	<b>172,232</b>	<b>52,367</b>	<b>113,514</b>	<b>41,000</b>	<b>41,000</b>	<b>420,112</b>

**REVISED CAPITAL INVESTMENT PROGRAMME 2017-2022**

<b>COMMUNITIES AND FAMILIES</b>	<b>Revised Budget 2017-18</b>	<b>Indicative Budget 2018-19</b>	<b>Indicative Budget 2019-20</b>	<b>Indicative Budget 2020-21</b>	<b>Indicative Budget 2021-22</b>	<b>Total Budget 2017-2022</b>
	£000	£000	£000	£000	£000	£000
<b>Early years</b>						
Blackhall NS	15	-	-	-	-	15
Corstorphine PS nursery	240	-	-	-	-	240
Davidson's Mains PS nursery	542	-	-	-	-	542
Early learning and childcare	2,591	-	-	-	-	2,591
Ferryhill PS Nursery	260	-	-	-	-	260
Fox Covert nursery	4	-	-	-	-	4
Granton early years Centre	1,016	-	-	-	-	1,016
Longstone PS nursery	595	-	-	-	-	595
Tynecastle PS Nursery	1,164	-	-	-	-	1,164
<b>Early years total</b>	<b>6,427</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,427</b>
<b>Primary schools</b>						
Cramond PS FSM Kitchen	15	-	-	-	-	15
East Craigs PS FSM Kitchen	13	-	-	-	-	13
Sciennes PS FSM Kitchen	8	-	-	-	-	8
Towerbank PS FSM Kitchen	9	-	-	-	-	9
Upgrade kitchens - free school meals initiative	44	-	-	-	-	44
Waterfront PS	19	-	-	-	-	19
<b>Primary schools total</b>	<b>108</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>108</b>
<b>Secondary schools</b>						
Liberton High School replacement gym	66	-	-	-	-	66
New high school for Craigmillar	618	-	-	-	-	618
Replacement Queensferry High School	50	5,674	-	-	-	5,724
<b>Secondary schools total</b>	<b>734</b>	<b>5,674</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,408</b>
<b>Community centres</b>						
Duncan Place	1,439	45	-	-	-	1,484
<b>Community centres total</b>	<b>1,439</b>	<b>45</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,484</b>
<b>Children's services</b>						
Accommodation young person centre	295	-	-	-	-	295
Heather Vale Young person Centre	13	-	-	-	-	13
<b>Children's services total</b>	<b>308</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>308</b>
<b>Other projects</b>						
Kirkliston primary school - development works	25	-	-	-	-	25
<b>Other projects total</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25</b>



**REVISED CAPITAL INVESTMENT PROGRAMME 2017-2022**

<b>COMMUNITIES AND FAMILIES</b>	<b>Revised Budget 2017-18</b>	<b>Indicative Budget 2018-19</b>	<b>Indicative Budget 2019-20</b>	<b>Indicative Budget 2020-21</b>	<b>Indicative Budget 2021-22</b>	<b>Total Budget 2017-2022</b>
	£000	£000	£000	£000	£000	£000
<b>Rising School Rolls</b>						
Rising school rolls extension works	371	1,606	1,206	-	-	3,183
<b>Rising School Rolls Total</b>	<b>371</b>	<b>1,606</b>	<b>1,206</b>	<b>-</b>	<b>-</b>	<b>3,183</b>
<b>Wave three school projects</b>						
Boroughmuir high school replacement	4,702	-	-	-	-	4,702
New park former Portobello HS	-	1,000	-	-	-	1,000
Portobello high school replacement	480	-	-	-	-	480
St Crispin's special school replacement	1,105	107	5,167	-	-	6,379
St John's new wave 3 School	10,045	1,883	171	-	-	12,099
Wave three inflation contingency	9	2,504	-	-	-	2,513
<b>Wave three school projects total</b>	<b>16,341</b>	<b>5,494</b>	<b>5,338</b>	<b>-</b>	<b>-</b>	<b>27,173</b>
<b>Libraries</b>						
George IV Bridge Library-enhancement	365	-	-	-	-	365
<b>Libraries projects total</b>	<b>365</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>365</b>
<b>Sports</b>						
Edinburgh Leisure	165	165	165	165	165	825
Hunter Hall cycle hub and pitch	1,080	-	-	-	-	1,080
<b>Sports projects total</b>	<b>1,245</b>	<b>165</b>	<b>165</b>	<b>165</b>	<b>165</b>	<b>1,905</b>
<b>Cost of sale of Assets</b>						
Fees related to costs of sales	(85)	-	-	-	-	(85)
<b>Cost of sale of Assets Total</b>	<b>(85)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(85)</b>
<b>Total Communities and Families</b>	<b>27,278</b>	<b>12,984</b>	<b>6,709</b>	<b>165</b>	<b>165</b>	<b>47,301</b>

**REVISED CAPITAL INVESTMENT PROGRAMME 2017-2022**

<b><u>EDINBURGH INTEGRATION JOINT BOARD</u></b>	<b>Revised Budget 2017-18</b>	<b>Indicative Budget 2018-19</b>	<b>Indicative Budget 2019-20</b>	<b>Indicative Budget 2020-21</b>	<b>Indicative Budget 2021-22</b>	<b>Total Budget 2017-2022</b>
	£000	£000	£000	£000	£000	£000
<b>Care homes</b>						
Royston care Home	102	-	-	-	-	102
<b>Care homes total</b>	<b>102</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>102</b>
<b>Other projects</b>						
Unallocated funding	50	-	-	-	-	50
Fees related to costs of sales	(44)	-	-	-	-	(44)
<b>Other projects total</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6</b>
<b>Total Edinburgh Integration Joint Board</b>	<b>108</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>108</b>

**REVISED CAPITAL INVESTMENT PROGRAMME 2017-2022**

<b>CHIEF EXECUTIVE</b>	<b>Revised Budget 2017-18</b>	<b>Indicative Budget 2018-19</b>	<b>Indicative Budget 2019-20</b>	<b>Indicative Budget 2020-21</b>	<b>Indicative Budget 2021-22</b>	<b>Total Budget 2017-2022</b>
	£000	£000	£000	£000	£000	£000
<b>Community Safety</b>						
CCTV combine services	1,125	-	-	-	-	1,125
<b>Community safety total</b>	<b>1,125</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,125</b>
<b>Total Chief Executive</b>	<b>1,125</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,125</b>

**REVISED CAPITAL INVESTMENT PROGRAMME 2017-2022**

<u>PLACE</u>	Revised Budget 2017-18	Indicative Budget 2018-19	Indicative Budget 2019-20	Indicative Budget 2020-21	Indicative Budget 2021-22	Total Budget 2017-2022
	£000	£000	£000	£000	£000	£000
<b>Environment</b>						
<i>Waste services</i>						
Containers - household waste	(24)	-	-	-	-	(24)
Purchase of litter bins	(18)	-	-	-	-	(18)
Zero Waste: Millerhill - Capital contribution	(48)	-	28,000	-	-	27,952
<b>Waste Total</b>	<b>(90)</b>	<b>-</b>	<b>28,000</b>	<b>-</b>	<b>-</b>	<b>27,910</b>
<i>Parks and green spaces</i>						
HLF - Saughton Park	1,208	-	-	-	-	1,208
Niddrieburn Footbridge	96	-	-	-	-	96
Parks General Budget	94	-	-	-	-	94
Parks - CAMMO - Ringfenced Ins settlement	679	-	-	-	-	679
<b>Parks Total</b>	<b>2,077</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,077</b>
<i>Depot Review</i>						
Bankhead depot	(249)	-	10,600	-	-	10,351
Russell road depot	(183)	-	1,963	-	-	1,780
Seafeld depot - Phase 1	402	-	-	-	-	402
Seafeld depot - Phase 2	2,022	-	763	-	-	2,785
The Causey project	19	-	-	-	-	19
<b>Depot Review Total</b>	<b>2,011</b>	<b>-</b>	<b>13,326</b>	<b>-</b>	<b>-</b>	<b>15,337</b>
<i>Fleet</i>						
Vehicle Purchase	751	-	-	-	-	751
<b>Fleet Total</b>	<b>751</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>751</b>
<i>Cemeteries and Crematorium</i>						
Mortonhall Memorialisation	231	-	-	-	-	231
Purchase of Noise Equipment	33	-	-	-	-	33
<b>Cemeteries and Crematorium Total</b>	<b>264</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>264</b>
<b>Housing and Regeneration</b>						
Commuted Sums (S75)	159	-	-	-	-	159
Development Funding Grant	29,115	-	-	-	-	29,115
Home owners adaptation grants	1,000	1,000	1,000	1,000	1,000	5,000
National Housing Trust 3	34,665	4,084	4,366	-	-	43,115
Travelling People's site	14	-	-	-	-	14
<b>Housing and Regeneration Total</b>	<b>64,953</b>	<b>5,084</b>	<b>5,366</b>	<b>1,000</b>	<b>1,000</b>	<b>77,403</b>
<b>Museums and Arts</b>						
Assembly Rooms - Theatre Strategy	166	-	-	-	-	166
Calton Hill redevelopment	124	-	-	-	-	124
City dressing programme	166	-	-	-	-	166
Contingency	65	-	-	-	-	65
<b>Museums and Arts Total</b>	<b>521</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>521</b>

**REVISED CAPITAL INVESTMENT PROGRAMME 2017-2022**

<u>PLACE</u>	Revised Budget 2017-18	Indicative Budget 2018-19	Indicative Budget 2019-20	Indicative Budget 2020-21	Indicative Budget 2021-22	Total Budget 2017-2022
	£000	£000	£000	£000	£000	£000
<b>Transport and Planning</b>						
<i>Roads, Structures &amp; Flood Prevention</i>						
Braidburn	(5)	-	-	-	-	(5)
Bridge strengthening	527	-	-	-	-	527
Water of Leith - phase 1	360	-	-	-	-	360
Water of Leith - phase 2	8,568	3,409	-	-	-	11,977
	<b>9,450</b>	<b>3,409</b>	-	-	-	<b>12,859</b>
<i>Roads Asset Management Plan</i>						
Carriageway / footway works [block]	18,543	9,989	12,771	12,771	13,585	67,660
Carriageway / footway works (Additional Investment)	2,500	-	-	-	-	2,500
	<b>21,043</b>	<b>9,989</b>	<b>12,771</b>	<b>12,771</b>	<b>13,585</b>	<b>70,160</b>
<i>Street Lighting &amp; Traffic Signals</i>						
Street lighting	3,767	1,500	1,500	1,500	1,500	9,767
Street lighting - City wide LED replacement prog	8,689	8,606	7,171	-	-	24,466
Traffic signals (renewal)	324	-	-	-	-	324
	<b>12,780</b>	<b>10,106</b>	<b>8,671</b>	<b>1,500</b>	<b>1,500</b>	<b>34,557</b>
<i>Roads &amp; Network</i>						
Lower Granton Road realignment	10	-	-	-	-	10
St Andrew Square public realm	463	-	-	-	-	463
Transport asset management	1,000	1,000	1,000	1,000	1,000	5,000
UTMC and parking guidance	91	-	-	-	-	91
	<b>1,564</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>5,564</b>
<i>Policy &amp; planning</i>						
20mph speed limiting [block]	282	-	-	-	-	282
B924 pedestrian crossing	5	-	-	-	-	5
Bus - priority at signals SVD	110	-	-	-	-	110
Bus priority schemes / bus shelters	177	-	-	-	-	177
Bus Tram integration	23	-	-	-	-	23
Bustracker- RTI extension	(54)	-	-	-	-	(54)
Cycle projects [block]	27	-	-	-	-	27
Cycling, Walking and Safer Street	683	-	-	-	-	683
Design of future projects	(84)	-	-	-	-	(84)
Developer Contributions	204	-	-	-	-	204
Electric vehicles	27	-	-	-	-	27
Frederick Street - Hanover Street	52	-	-	-	-	52
Hermiston Park and Ride (land acq)	14	-	-	-	-	14
Local Bus Priority Measures [Block]	1	-	-	-	-	1
Road safety	508	-	-	-	-	508
Road safety, cycling and public transport	2,090	1,750	1,750	1,750	1,750	9,090
Sighthill Signalised Junction	14	-	-	-	-	14
St Andrew Square bus station	259	-	-	-	-	259
Walking projects [block]	422	-	-	-	-	422
	<b>4,760</b>	<b>1,750</b>	<b>1,750</b>	<b>1,750</b>	<b>1,750</b>	<b>11,760</b>
<i>Transport - City Centre</i>						
Leith Walk Constitution Street	2,535	-	-	-	-	2,535
Rose Street - public realm	504	-	-	-	-	504
	<b>3,039</b>	-	-	-	-	<b>3,039</b>

**REVISED CAPITAL INVESTMENT PROGRAMME 2017-2022**

<u>PLACE</u>	Revised Budget 2017-18	Indicative Budget 2018-19	Indicative Budget 2019-20	Indicative Budget 2020-21	Indicative Budget 2021-22	Total Budget 2017-2022
	£000	£000	£000	£000	£000	£000
<i>Transport Other</i>						
Tram Lifecycle Replacement	-	-	1,000	1,000	1,000	3,000
Neighbourhood Infrastructure Investment						
- North East Locality	742	204	203	203	-	1,352
- North West Locality	957	272	271	271	-	1,771
- South East Locality	465	204	203	203	-	1,076
- South West Locality	269	136	136	136	-	676
	<b>2,433</b>	<b>816</b>	<b>1,814</b>	<b>1,814</b>	<b>1,000</b>	<b>7,875</b>
<b>Transport and Planning Total</b>	<b>55,069</b>	<b>27,070</b>	<b>26,006</b>	<b>18,835</b>	<b>18,835</b>	<b>145,814</b>
Place - contingency	103	-	-	-	-	103
<b>Total Place</b>	<b>125,659</b>	<b>32,154</b>	<b>72,698</b>	<b>19,835</b>	<b>19,835</b>	<b>270,180</b>

**REVISED CAPITAL INVESTMENT PROGRAMME 2017-2022**

<b>RESOURCES - ASSET MANAGEMENT WORKS</b>	<b>Revised Budget 2017-18</b>	<b>Indicative Budget 2018-19</b>	<b>Indicative Budget 2019-20</b>	<b>Indicative Budget 2020-21</b>	<b>Indicative Budget 2021-22</b>	<b>Total Budget 2017-2022</b>
	£000	£000	£000	£000	£000	£000
<b>Communities and Families</b>						
Boiler Upgrade	71	158	762	-	-	991
Early Years Property	12	-	-	-	-	12
Energy Management	900	1,000	600	-	-	2,500
External Fabric	338	23	-	-	-	361
Fabric Enhancement	5,709	726	222	-	-	6,657
Fire Safety	442	600	600	-	-	1,642
Mechanical and Engineering Upgrade	1,817	1,345	1,802	-	-	4,964
Roofs And Rainwater	119	21	879	-	-	1,019
Stonework / Masonry	11	25	489	-	-	525
Water Quality Upgrading	550	412	400	-	-	1,362
Windows and Doors	132	88	2,176	-	-	2,396
<b>Total for Communities and Families</b>	<b>10,101</b>	<b>4,398</b>	<b>7,930</b>	<b>-</b>	<b>-</b>	<b>22,429</b>
<b>Edinburgh Integration Joint Board</b>						
Mechanical and Engineering Upgrade	115	-	25	-	-	140
<b>Total for Edinburgh Integration Joint Board</b>	<b>115</b>	<b>-</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>140</b>
<b>Place</b>						
External Fabric	276	655	10	-	-	941
Fabric Enhancement	26	15	-	-	-	41
Fire Safety	175	170	165	-	-	510
Internal Fabric Enhancements	-	79	55	-	-	134
Mechanical and Engineering Upgrade	-	341	-	-	-	341
Parks	262	-	-	-	-	262
Roofs And Rainwater	-	25	-	-	-	25
Windows and Doors	-	52	-	-	-	52
<b>Total for Place</b>	<b>739</b>	<b>1,337</b>	<b>230</b>	<b>-</b>	<b>-</b>	<b>2,306</b>
<b>Resources - Corporate Property</b>						
Energy Management	-	-	500	-	-	500
External Fabric	-	119	35	-	-	154
Fire Safety	-	50	75	-	-	125
Internal Fabric Enhancement	-	-	117	-	-	117
Mechanical and Engineering Upgrade	177	907	610	-	-	1,694
Roofs And Rainwater	-	322	203	-	-	525
Stonework / Masonry	-	56	-	-	-	56
Windows and Doors	-	40	56	-	-	96
<b>Total for Resources - Corp. Property</b>	<b>177</b>	<b>1,494</b>	<b>1,596</b>	<b>-</b>	<b>-</b>	<b>3,267</b>
<b>Funding not yet allocated to projects</b>	<b>-</b>	<b>-</b>	<b>17,326</b>	<b>14,000</b>	<b>14,000</b>	<b>45,326</b>
<b>Total Asset Management Works</b>	<b>11,132</b>	<b>7,229</b>	<b>27,107</b>	<b>14,000</b>	<b>14,000</b>	<b>73,468</b>

**Current unfunded capital priorities**

Service	Priority	Capital Project	Brief description of project	Priority Driver (s) -	Estimated spend profile over 2017-2022 CIP					Total estimated cost £000	Comment	Estimated Annual Loan Charges (20 year repayment) £000	Estimated Total Loan Charges £000
					Prudential framework suitability (Y/N)	Condition / Suitability / Sufficiency / Affordability	2017/18 £000	2018/19 £000	2019/20 £000				
Communities and Families	1.	Rising Rolls	Requirement to respond to the challenges of rising school rolls to ensure that the Council's statutory duties are fulfilled. There is currently provision of £19.902m within the Capital Investment Programme to 2019/20 for the capital funding necessary to respond to the challenges arising from rising school rolls. however the latest projections show that growth in the primary sector will continue and growth is also being to move into the secondary sector. The latest update report to the Education, Children and Families Committee on 13 December 2016 outlines the projects expected to be required in the primary and secondary sector until 2019/20 and these priorities are estimated to require the budget to be increased by a total of £10.565m over that period. Further budget increases are likely to be required beyond 2020/21 and annual updates forecasts will be completed based on the latest projections.	Sufficiency	1,500	6,000	3,065			10,565		872	17,443
Communities and Families	2.	Meadowbank	A report to the Culture and Sport Committee on 14 December 2016 outlines the current estimated funding gap for delivery of a new sports centre at Meadowbank to be £7.9m and this funding request is requested in line with the expected programme for construction of a new facility.	Condition	1,422	3,950	2,528			7,900		652	13,043
Communities and Families	3.	New South Edinburgh Primary School	On 19 May 2015 the Education, Children and Families Committee approved that a statutory consultation be undertaken regarding options to address the long-term accommodation issues in the south Edinburgh area. This area (defined as encompassing the three primary school catchment areas covered by Bruntsfield, James Gillespie's and South Morningside Primary Schools) has traditionally experienced pressure on primary school places with schools having had high occupancy levels during a period of declining rolls and a necessity for additional accommodation subsequently being required through the provision of temporary units and annexes, some of which still remain. A statutory consultation on five options to address primary school accommodation issues in the area was recently undertaken on 4 February 2016 Council approved the preferred option of delivery a new school. The statutory consultation paper detailed the estimated cost of this options £18.737m. Funding of £6m has already been secured. The balance of funding of £12.737m is required to allow this project to proceed. The profile of spend assumes that the project could start immediately in February 2017.	Sufficiency / Condition and Suitability	530	1,274	8,613	2,320		12,737		1,051	21,029
Communities and Families	4.	A new secondary school in Craigmillar	The second of two existing unfunded priorities in the Wave 4 school investment programme is the commitment made by Council to deliver a new secondary school in Craigmillar (replacing the existing Castlebrae Community High School) as part of the regeneration of Craigmillar. Whilst a site for the proposed new school has been identified in the Craigmillar Town Centre, no statutory consultation has yet been undertaken due to the uncertainty regarding when the new school could be delivered which is entirely dependent on the significant current gap in funding for the project being bridged. This assessment continues to assume that the new school would be opened in August 2020 however to achieve this the project would need to be initiated (with all required funding identified) by early 2017. Any delay would result in a further increase in the estimated costs due to additional construction cost inflation.	N Suitability	-	598	2,918	19,734	5,316	28,566	This is based on the projected total cost for the new school which is now estimated (using the latest forecast of future construction inflation) to be £29.184m. This is based on an assumed opening date of August 2020; a capacity of 700 (including 100 vocational) and with additional space incorporated to develop the ambition of Castlebrae to become a city wide centre of excellence in Science. It further assumes that the balance which requires to be funded is £28.566m with the only existing funding being the £0.618m already in the Capital Investment Programme. This assumes that all other potential sources of funding (e.g. sale of the existing school site, net of demolition costs, and any contribution from PARC) would only be realised in the longer term.	2,358	47,162



**Current unfunded capital priorities**

Service	Priority	Capital Project	Brief description of project	Estimated spend profile over 2017-2022 CIP							Total estimated cost £000	Comment	Estimated Annual Loan Charges (20 year repayment) £000	Estimated Total Loan Charges £000				
				Prudential framework suitability (Y/N)	Priority Driver (s) - Condition / Suitability / Sufficiency / Affordability					2017/18 £000					2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
					2017/18	2018/19	2019/20	2020/21	2021/22									
Health and Social Care	1.	Capital shortfall for Dumbryden Care Home	<p>The Council has a Business Case in progress for a 7th new care home at Dumbryden, which will replace two older care homes, based on a 60 bed model.</p> <p>The estimated total costs are £9.547m</p> <p>A budget of £7.950m has been identified from capital receipts from older care homes, leaving a shortfall of £1.597m.</p> <p>The cost estimates are based on a smaller, lower spec care home design than Royston, CEC's most recent care home, which is currently under construction.</p> <p>The capital receipts include a significant contribution from Children and Families for the transfer of the Oaklands Care Home site which is intended to be used for the new South Morningside Primary School. This project is dependent on the Oaklands Care Home site being vacated, which will not be possible unless the Dumbryden project goes ahead.</p>	N	Condition / Suitability	-	69	1528	-	-	1,597		799	2,637				
Health and Social Care	2.	New care home to replace three remaining older cares	<p>The Council is currently developing a 6th new care home at Royston and has a Business Case in progress for a 7th at Dumbryden. There are currently 8 older care homes which are no longer fit for purpose. The requirement to replace the older remaining care homes was agreed in the Older People's Accommodation Strategy for Older People. There is a high risk of needing to close older care homes if they are not replaced as they do not meet operational requirements or Care Inspectorate standards. The new homes at Royston and Dumbryden will replace four older care homes, leaving three to be replaced. An 8th new purpose built 60 bedded care home will replace the final three remaining older facilities.</p>	N	Condition / Suitability	500	500	500	7,600	-	9,100		751	15,024				
Health and Social Care	3.	Replacement of Portlee Resource Centre for Older People	<p>Portlee Resource Centre is a day centre for older people. A recent building condition report rated certain elements of the building a in poor 'C' condition - roofs, windows, heating plant and external areas. It is a 1960s converted social club. In addition to the day service for older people, Portlee Resource Centre is also used by MILAN, a day service for black and minority ethnic (BME) people. It is important these services can continue to operate in the north east of the city.</p>	N	Condition / Suitability	600	600	-	-	-	1,200		99	1,981				
Place	1.	North Bridge Refurbishment	<p>Refurbishment of North Bridge to address health and safety matters following identification of significant condition issues.</p>	N	Condition	750	1,400	4,700	4,700	450	12,000	£12m for addressing the health and safety matters and refurbishment of the structure to ensure that it was fit for purpose in the medium to longer term. Without this investment areas underneath it would have to be closed off to the public and as it spans Waverley Station and car park this is not an option.	991	19,812				
Place	2.	Restoration of the Ross Fountain	<p>The Ross Fountain in West Princes Street Gardens was taken out of use six years ago as a result of extensive water losses and the subsequent discovery of signs of structural corrosion to the cast iron fixings. It is one of the most significant cast iron fountains in the UK. It's condition is a constant source of complaint and a significant reputational issue for the City and the Council</p>	N	Condition / Suitability		500				500	This project forms part of a wider initiative in partnership with an third party to develop venues/facilities within princes street gardens. Total cost of the restoration is £1.5M.	41	825				
Place	3.	Environmental Works	<p>Environmental works are required as a result of landslips. These have necessitated the closure of part of the Dean Path Water of Leith footway and their are significant risks to privately owned property at Backbrae.</p>	N	Condition	1,600	-	-	-	-	1,600		132	2,642				

**Current unfunded capital priorities**

Service	Priority	Capital Project	Brief description of project	Estimated spend profile over 2017-2022 CIP					Total estimated cost £000	Comment	Estimated Annual Loan Charges (20 year repayment) £000	Estimated Total Loan Charges £000		
				Priority Driver (s) -		2017/18	2018/19	2019/20					2020/21	2021/22
				Prudential framework suitability (Y/N)	Condition / Suitability / Sufficiency / Affordability	£000	£000	£000					£000	£000
Resources	1.	Asset Management Works	Asset management upgrade to address the condition of the operational estate. The £40m in total represents the total capital shortfall identified by the asset management strategy, as reported to F&R committee in June 2016. There is a considerable shortfall in the budget available to upgrade the condition of the Council's asset base, leading to the risk of health and safety issues and the need to close operational buildings. An estimated £40m shortfall over five years was reported to F&R Committee in June 2016. The annual budget allocated to this work is already fully allocated for the next five years, only having the capacity to address wind and watertight and health and safety issues. The estate wide condition survey, approved by committee and due to take place between January and September 2017, is expected to identify possibly significant additional issues which will require urgent attention, which will require additional funding to be allocated.	N	Condition	8,000	8,000	8,000	8,000	8,000	40,000		3,302	66,039
						<b>14,902</b>	<b>22,891</b>	<b>31,852</b>	<b>42,354</b>	<b>13,766</b>	<b>125,765</b>			

**Definition of Priority Driver**

Condition - driver for investment is to address asset condition / deterioration issues

Suitability - driver for investment is to address fitness for purpose issues / alignment of asset to service delivery

Sufficiency - driver for investment is to address capacity issues

Affordability - driver for investment is to address future revenue and capital funding issues e.g. Through optimisation or enhancement rather than replacement

## OFFICER RECOMMENDED PROJECTS AND POTENTIAL FUNDING

APPENDIX 3

	2017-18	2018-19	2019-20	2020-21	2021-22	Total
	£000	£000	£000	£000	£000	£000
<b>Expenditure Priorities (recommended by officers)</b>						
<b>Project</b>						
North Bridge	750	1,400	4,700	4,700	450	12,000
New South Edinburgh Primary School	530	1,274	8,613	2,320	0	12,737
Meadowbank Stadium	1,422	3,950	2,528	0	0	7,900
Dumbryden Care Home	0	69	1,528	0	0	1,597
Rising School Rolls	1,500	5,196	0	0	0	6,696
	<b>4,202</b>	<b>11,889</b>	<b>17,369</b>	<b>7,020</b>	<b>450</b>	<b>40,930</b>
<b>Funded by</b>						
Unallocated Capital Funding	0	0	7,000	7,000	0	14,000
Additional Funding from Settlement	6,930	0	0	0	0	6,930
Capital Fund	0	9,161	10,369	20	450	20,000
	<b>6,930</b>	<b>9,161</b>	<b>17,369</b>	<b>7,020</b>	<b>450</b>	<b>40,930</b>

**Updated Indicative five year capital plan 2021-2026**

**Appendix 4**

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/2026</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Resources</b>					
<b>Unallocated</b>					
Capital Receipts	3,000	3,000	3,000	3,000	3,000
General Capital Grant (based on current forecasts)	38,000	38,000	38,000	38,000	38,000
<b>Total Resources</b>	<u>41,000</u>	<u>41,000</u>	<u>41,000</u>	<u>41,000</u>	<u>41,000</u>
<b>Expenditure</b>					
Place					
- Asset Management Works	14,000	14,000	14,000	14,000	14,000
- Other Transport Projects	2,750	2,750	2,750	2,750	2,750
- Carriageways and Footways	13,585	13,585	13,585	13,585	13,585
- Lighting Columns	1,500	1,500	1,500	1,500	1,500
- Tram Lifecycle Replacement	1,000	1,000	1,000	1,000	1,000
- Statutory Home Owner Adaptations	1,000	1,000	1,000	1,000	1,000
Communities and Families					
- Edinburgh Leisure	165	165	165	165	165
Unallocated funding (pending decision by Members as to where this should be redirected)	7,000	7,000	7,000	7,000	7,000
<b>Total Expenditure</b>	<u>41,000</u>	<u>41,000</u>	<u>41,000</u>	<u>41,000</u>	<u>41,000</u>
<b>Balance</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

# The City of Edinburgh Council

10.00am, Thursday 9 February 2017

## Play Your Part – 2017-18 Budget Proposals Overview of Feedback and Engagement – referral report from the Finance and Resources Committee

Item number 4.3  
Report number  
Executive/routine  
Wards

### Executive Summary

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On the 19 January 2017 the Finance and Resources Committee considered a report that outlined the structure of the budget engagement campaign and highlighted the key actions taken to ensure staff, citizens and other stakeholders were meaningfully engaged. The report has been referred to The City of Edinburgh Council's budget meeting on 9 February 2017 for consideration as part of the budget setting process.

### Links

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<b>Coalition Pledges</b>	See attached report
<b>Council Priorities</b>	See attached report
<b>Single Outcome Agreement</b>	See attached report

# Terms of Referral

## Play Your Part – 2017-18 Budget Proposals Overview of Feedback and Engagement

### Terms of Referral

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- 1.1 As a result of information gathered in the 2014 and 2015 budget engagement activities, the Council made a series of budget commitments that covered a three-year period to deliver its transformation programme and make necessary savings. As a result of these commitments, the scope of the 2016 engagement exercise was reduced from previous years.
- 1.2 The 2016 budget engagement focused on the delivery of programmes and initiatives already agreed in principle. Citizens and stakeholders were invited to contribute to the development of services and how changes might best be implemented. In particular, feedback was sought on ways access to facilities could be increased, how library services could be better integrated with other Council and partner services, and how to best introduce more online services. Additionally, views were asked for on two areas where public interest had previously been high, how winter festivals were funded, and the funding of leisure services.
- 1.3 The Finance and Resources Committee agreed:
  - 1.3.1 To note the report.
  - 1.3.2 To refer the report to Full Council as part of setting the 2017/18 revenue budget framework.

### For Decision/Action

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- 2.1 The City of Edinburgh Council is to consider the report as part of setting the 2017/18 revenue budget framework.

### Background reading/external references

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Minute of the Finance and Resources Committee, 19 January 2017

#### **Kirsty-Louise Campbell**

Interim Head of Strategy and Insight

Contact: Veronica MacMillan, Committee Clerk

E-mail: [veronica.macmillan@edinburgh.gov.uk](mailto:veronica.macmillan@edinburgh.gov.uk) | Tel: 0131 529 4283

## Links

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<b>Coalition Pledges</b>	See attached report
<b>Council Priorities</b>	See attached report
<b>Single Outcome Agreement</b>	See attached report
<b>Appendices</b>	See attached report

# Finance and Resources Committee

10.00am, Thursday 19 January 2017

## Play Your Part – 2017-18 Budget Proposals Overview of Feedback and Engagement

<b>Item number</b>	7.9
<b>Report number</b>	
<b>Executive/routine</b>	
<b>Wards</b>	All

### Executive summary

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This report outlines the structure of the budget engagement campaign and highlights the key actions taken to ensure staff, citizens and other stakeholders were meaningfully engaged. The report summarises the overall level of response and emerging themes from feedback to the Council's budget engagement process.

Given the reduced engagement period in 2016, the engagement process generated slightly more responses in the same time compared to 2014 and 2015.

Respondents generally looked for more information about how ideas would be implemented – particularly around potential changes to libraries – but were broadly supportive of shared facilities, increased use of volunteers and the aims of channel shift.

However, respondents questioned the quality of the Council's online offering and were critical of what were viewed as attempts to remove or minimise the role of skilled employees.

### Links

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<b>Coalition pledges</b>	All
<b>Council outcomes</b>	All
<b>Single Outcome Agreement</b>	All



## 2017-18 Budget Proposals

### Overview of Feedback and Engagement

#### Recommendations

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- 1.1 To note the contents of this report.
- 1.2 To refer this report to Full Council as part of setting the 2017/18 revenue budget framework.

#### Background

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- 2.1 Each year the Council consults with citizens and other stakeholders on the planned changes to its budget.
- 2.2 In 2014, the Council conducted a three-year prioritisation exercise asking people to set relative spending levels across all of its services, while taking account of the restriction that the budget had to balance and that it was necessary to make savings in some areas to meet growing demand in others. In this exercise, services for vulnerable adults and children, schools, and cultural services were protected relative to internal administrative services.
- 2.3 In 2015, the budget engagement focused on a number of significant policy areas where the Council would make decisions in subsequent years. Citizens and stakeholders supported changes such as increasing Council Tax to help pay for services - while stressing the importance of the need to continue to make efficiencies - and a preference for centralised community hubs with co-located services.
- 2.4 As a result of information gathered in the 2014 and 2015 budget engagement activities, the Council made a series of budget commitments covering a three-year period to deliver its transformation programme and make necessary savings. As a result of these commitments, the scope of the 2016 engagement exercise was reduced from previous years.
- 2.5 The 2016 budget engagement focused on the delivery of programmes and initiatives already agreed in principle. Citizens and stakeholders were invited to contribute to the development of services and how changes might best be implemented. In particular, feedback was sought on ways access to facilities could be increased, how library services could be better integrated with other Council and partner services, and how best to introduce more online services. Additionally, views were asked for on two areas where public interest had

previously been high - how winter festivals are funded, and the funding of leisure services.

- 2.6 Responses to the budget engagement could be submitted by online survey, email, telephone, in writing, by paper form, using the online engagement tool Dialogue, and face-to-face during events. More information on communication and response is included later in this report.
- 2.7 This year's budget engagement exercise also operated on a shorter timescale than in previous years, covering just over seven weeks, and closing on 21 November 2016.
- 2.8 Two other major engagement activities have been planned to run alongside the budget engagement activity - the city's development of a 2050 vision and the first phase of Locality Improvement Planning. As these three engagements were likely to overlap, links were made to ensure that relevant feedback was passed to each process, regardless of where it was received. Through these links the Council sought to reduce any sense of repetition, fatigue, or disconnect amongst stakeholders.

## Main report

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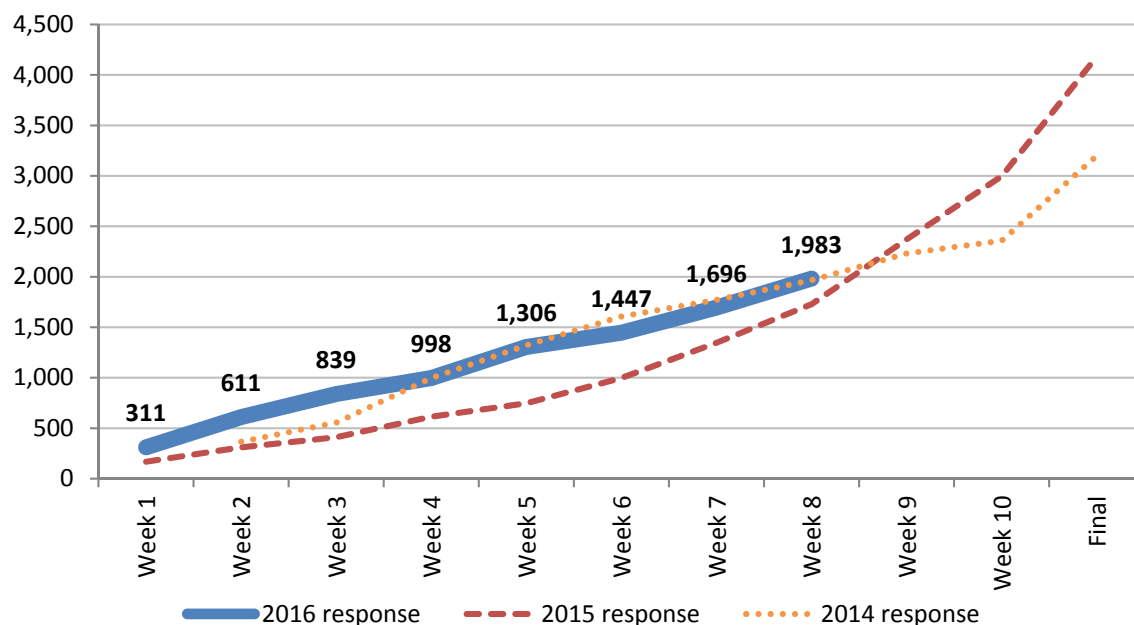
### Communications activity

- 3.1 The budget engagement was supported by a multimedia communications approach that included:
  - Posters and leaflets - printing of posters and leaflets which were widely distributed to Council and non-Council locations;
  - An e-flier - used in previous years as a simple way for stakeholders to disseminate information, this was directly sent to more than 1,000 contacts;
  - Social media - campaign messages were shared and discussed on major social media platforms including Facebook, Twitter and LinkedIn. Targeted advertising was used to encourage participation from key groups under-represented in the response;
  - Lamp post wraps - placed in more than 50 locations across the city. This outdoor advertising was further enhanced by phone box advertising;
  - Internal communications - emails to Council employees from the Chief Executive and Council Leader through their scheduled messages, Managers News, Newsbeat and plasma screens in offices and libraries;
  - Budget engagement films - three different films were produced and distributed to partners and stakeholders;
  - Attendance at events - including a presence at the annual tenants conference and Leith Decides.

- 3.2 Working with the Edinburgh Evening News, a number of opinion pieces have been produced and published discussing the budget and the 2050 city vision.
- 3.3 By the close of the engagement period the communications activity had generated 8,599 unique views on the Play Your Part webpage.
- 3.4 This activity, which the Council has conducted itself, is further augmented by activities which other groups and organisations have taken forward. The Council has supported others to coordinate and engage with their stakeholders on key issues through the creation of a workshop brief.
- 3.5 The annual Question Time event, which gives members of the public an opportunity to quiz a panel of senior councillors, was successful once again. Delivered in partnership with the Evening News, twice as many people attended the event (80) than last year, with a big increase in numbers watching the live webcast online (250) and a healthy number of questions submitted in advance (43).

### Response numbers

- 3.6 A total of 1,983 responses to the budget engagement have been received by all methods. While this was fewer responses than in 2014 or 2015, as shown in the graph below, the response was slightly above the same level achieved over the eight weeks in which the consultation was open in 2016.



- 3.7 This total response to the budget includes the following elements:
- 784 individuals completed the online survey;
  - 101 ideas discussed on the Council’s Dialogue site, resulting in 172 individual comments and 387 ratings;
  - 66 budget leaflets, 28 emails, 2 telephone calls; and
  - 443 comments received through social media, including 391 comments on Facebook, and 52 direct replies on Twitter.

## **Feedback on budget proposals**

- 3.8 All feedback received will be made available to all elected members and the Council Leadership Team as a searchable electronic information pack. This will be completed and circulated before Christmas 2016.
- 3.9 In 2014, citizens were presented with the full Council budget and asked to prioritise spending across all services. The feedback received from that exercise indicated a strong preference to protect spending on: vulnerable people (both adults and children); direct delivery of education (nursery, primary, secondary schools); and culture.
- 3.10 In 2015, citizens were given a range of policy decisions on which to have their say. Of particular relevance to budget setting was the attitude towards how the Council raises money to pay for services. There was support for both increasing Council Tax and increasing charges for services, however this opinion was not uniform across the city or across age groups.
- 3.11 Older respondents and those from more deprived areas of the city were more strongly in favour of Council Tax increases over increasing per-use charges for services. By contrast younger people and those in more affluent areas of the city preferred smaller Council Tax increases and more increases for per-use services. Despite these local variations, the majority of residents responding in all wards were in favour of ending the Council Tax freeze.
- 3.12 In 2016, while demographic information was captured for respondents and this was analysed to identify any differences in perceptions or preferences, there were no significantly different views expressed by men and women, or Council employees and non-employees.
- 3.13 Engagement activity related to themes of the Play Your Part is planned and still ongoing. A data review will begin shortly, with the Council working with Edinburgh University, to develop the evidence base for making decisions around two service pairings – Gilmerton Library and Gilmerton Community Centre; and Piershill Library and Northfield Community Centre. Community groups and customers of these facilities will be involved in those discussions, which may provide useful learning for how all local provision should be reviewed across the city.

## ***Local hubs***

- 3.14 Through the Council's Asset Management Strategy, a number of opportunities have been realised to create shared facilities and deliver savings. This review and rationalisation of the estate has resulted in the replacement of old and energy inefficient buildings no longer fit for purpose.
- 3.15 The creation of local hubs has been viewed as broadly successful by officers and customers – though use of shared office space is variable across sites and amongst partner organisations. This success, alongside economic, social and operational factors, has encouraged the Council to consider the development of more shared-used facilities. In some cases planned developments are focused

on targeting particular customer needs – such as the shared space for the new Inclusive Homelessness service – and in others the hub can also help to improve overall access to suitable spaces and strengthen communities.

- 3.16 The Council's Asset Management Strategy is considering the estate not simply in the context of purpose and efficiency, but in light of the powers and responsibilities created by the Community Empowerment Act. In this context the Council, its partners and communities will consider assets and the services delivered from them and determine whether the best overall outcome for local people is for these assets to be owned and operated directly by the public sector, or owned and operated by communities or voluntary organisations, or redeveloped for entirely new purposes.
- 3.17 As part of the 2015 budget engagement, the Council put the issue to citizens – giving them a choice between: smaller and more local service delivery; a gradual process of sharing facilities where opportunities became available; and an accelerated approach of transferring most services to local hubs.
- 3.18 17% of respondents were in favour of more local delivery. 23% supported the Council's current plans at the time, to merge some facilities and seek future opportunities. However, 60% of all respondents were in favour of more service hubs that provide more services at the expense of very local provision.
- 3.19 Amongst those respondents to the 2015 survey who were in favour of smaller and more local facilities, a reduction in opening hours was stated as a preference over the merging of facilities.
- 3.20 In 2016, citizens were asked how they would like to access libraries along with other community services. Concerns were raised regarding noise levels if libraries were to share space with other services. However, in general, feedback was supportive as respondents recognised the benefits in cost savings and the potential for better partnership working.
- 3.21 Respondents were particularly keen on the use of space in hubs for local community groups and the merging of community and school libraries.

#### ***Use of volunteer support in libraries and community centres***

- 3.22 As part of the latest budget engagement, respondents were asked to provide their views on local community groups and individuals having more of a role in delivering library services.
- 3.23 Respondents were supportive of volunteers assisting with library services such as reading groups and other activities as long they were part of a managed volunteer programme. Amongst those who were supportive of volunteers assisting in libraries, many felt that it would be a good opportunity for individuals, and young people in particular, to gain work experience and actively participate in their local community. It was suggested that the Council offer incentives as a means of recruitment such as good quality training and other non-financial rewards.

- 3.24 Respondents valued skilled staff and were opposed to volunteers replacing qualified, paid staff. It was felt that there were many enquiries dealt with in libraries in particular that were complex and required specific knowledge that unskilled volunteers would not possess. Furthermore, respondents were concerned about un-vetted individuals working with vulnerable people.
- 3.25 As part of the process of engaging on the 2016/20 revenue budget framework, concerns were expressed by residents about reductions to staff numbers in community centres. Following this feedback, the Council decided not to make the proposed reduction in staff numbers.

#### ***Access to facilities outside of normal hours***

- 3.26 Citizens were asked for their suggestions or views regarding ways in which the Council can make libraries more accessible to a wider range of people and in particular, a swipe card system which would provide access to unstaffed library facilities out of hours.
- 3.27 Access to facilities outside of normal hours was not opposed as an idea, but was felt to carry a number of risks including care of the buildings and facilities, health and safety of library users, and the likelihood of inappropriate use of library buildings. Respondents requested further information regarding how this system would be managed.
- 3.28 Respondents were specifically concerned about the wellbeing of vulnerable individuals when accessing unstaffed facilities and the lack of assistance available during these periods when help from skilled staff is required.
- 3.29 Some respondents welcomed extended opening hours with many working shifts and unable to access libraries during the current opening times. However, it was apparent that respondents did not want unstaffed facilities to replace the current system altogether, many valuing skilled library staff.

#### ***Channel shift***

- 3.30 In 2015, when citizens were asked for their views on moving from paper to electronic billing, electronic billing was overwhelmingly supported. 81% of respondents supported moving to digital billing by default, with customers having to specifically request paper billing. While fewer than 1% were in favour of the current system of paper bills, 19% preferred an *opt-in* to digital billing, rather than an *opt-out* system.
- 3.31 It should be noted that these are all results of online engagement, and may therefore not represent the views of the whole population on online issues. However this does give a strong indication on the views of the majority of Edinburgh residents who are, generally speaking, using online billing for banks, credit cards, utilities and a range of other services.
- 3.32 Subsequently, in 2016, citizens were asked how the Council could create better online access to all services so that individuals can access information when they need it, make a payment or make a request for a service.

- 3.33 Comments received in relation to current online services indicated that at present, systems are too slow and not user friendly. Issues surrounding registration and signing-on to systems were identified and respondents were generally in favour of one system that provides access to all Council services rather than a number of different systems which causes confusion for citizens.
- 3.34 Respondents were generally concerned about system security and data protection. They questioned whether the Council needed to collect as much data as it did, whether this was secure, and advocated use of a secure payment platform like PayPal – but these concerns do not appear to relate to actual personal experience of using Council services online.
- 3.35 Accessibility for those with no internet was highlighted as problematic. This was linked with potential reductions in staff, and it was felt this would impact on the level of support available for those most in need and individuals who are less computer literate.
- 3.36 It was evident that many were unaware of the online services available and how citizens can access these services. The development of the online service offering continues, with support from CGI to ensure that new access methods create efficiencies and deliver savings for services as well as benefits for customers. Some communication activity has taken place (such as the Save Time, Do It Online campaign), but further communication and transition support will be rolled-out as online access is enabled and improved for more services.

### ***Leisure facilities***

- 3.37 During this year's budget engagement, citizens were asked how the Council can encourage individuals and local communities to be more involved in the provision of sport and leisure activities and the challenges this might bring.
- 3.38 The responses received were comparable to those relating to the use of volunteers in library services. In general, respondents were not in favour of volunteers taking over from paid, trained staff in leisure facilities with many raising health and safety concerns.
- 3.39 Some respondents suggested volunteering opportunities might be beneficial for young people who are trying to gain work experience in the health and leisure industry. In addition to gaining experience, incentives such as free gym membership were viewed as a good way of attracting volunteers.
- 3.40 Instead of reducing the number of skilled staff, respondents suggested alternative measures that they felt could be adopted to ensure that the level of service is maintained and service cuts kept to a minimum.
- 3.41 The cost of leisure facilities was considered too high, which respondents felt had led to customers moving to other providers of leisure services. Respondents were in favour of an increase in the amount of promotional work carried out and the development of initiatives to encourage more people to join. Suggestions included flexible payment methods, free trial days and discounts for multi-sessions.

- 3.42 The overall tone of comments regarding customer service, facilities and staff were very positive. However, a minority of respondents also reported unclean facilities, restrictive opening hours, excessively busy gyms and cold swimming pools. Negative aspects such as these have led people to move elsewhere and it was frequently reported that those who had done so were receiving a better quality of service at privately run facilities and paying less.
- 3.43 The importance of citizens sustaining a healthy lifestyle was mentioned frequently by respondents as was the Council's role in supporting it. Partnering with schools to encourage children to be active and healthy from a young age was valued and considered as an effective, preventative and cost-cutting measure.
- 3.44 As part of measures to expand access to leisure facilities, increase revenues and generally deliver better use of Council assets, Edinburgh Leisure has taken on responsibility for the management of sport and leisure facilities within the school estate. This should also help to better connect schools to their local communities whereas in the past most adults would have no reason to visit a school and might be specifically excluded from doing so.
- 3.45 Additionally, providers of leisure facilities and GP practices working in shared facilities was considered an area that should be explored to support and expand the way health and fitness services are developed and services delivered.

#### **Dialogue ideas**

- 3.46 Feedback on the Council's Dialogue page that relates directly to budget proposals has been included previously. Aside from these, some of the highest rated ideas suggested on the Council's Dialogue page have been summarised below. As appropriate, Dialogue ideas will be passed to services or Locality Leadership Teams to be considered for inclusion in Locality Improvement Plans.

#### ***More regular & efficient street cleaning***

- 3.47 The need for a more regular and efficient street cleaning service was mentioned on a number of occasions on the Dialogue page. Litter, weeds and dog fouling were some of the main issues citizens felt affected the condition of Edinburgh's streets and the wellbeing of the local residents. Citizens were not only keen to see an increase in the frequency of street cleaning and general repair but were eager for those who contribute to the litter and dog fouling problem to be held accountable for their actions.
- 3.48 The Waste Improvement Plan, amongst other actions, seeks to address street cleansing, the provision of street litter bins and fly-tipping. Through working more closely with Parks, a more preventative approach to weeds will be implemented. And all of this work will be supported by behaviour change communication campaigns including Neat Streets and Our Edinburgh.
- 3.49 The Council is currently exploring the development of a Citizen Deal or Citizen Charter, following on from the development of a new Customer Strategy and the Edinburgh 2050 City Vision. This charter would clarify the role of the Council in



delivering universal services – such as street cleaning – while also outlining the behaviours and responsibilities which are expected from citizens.

### ***Improve road surfaces***

- 3.50 The conditions of the roads in Edinburgh were considered poor and highlighted by a number of citizens. Concerned citizens noted the damage caused to vehicles and the risk to lives caused by potholes and uneven road surfacing and suggested that this could be resolved by resurfacing being carried out on a more regular and thorough basis. It was felt that if the condition of the roads were improved, it may encourage more people to cycle which would have a positive impact on congestion and pollution in the city.
- 3.51 The Edinburgh Street Design Guidance (ESDG) was approved by committee in 2015. The ESDG seeks to bring the Council into line with Scottish Government policy on street design where, amongst other triggers, carriageway and footway renewal activity takes place and utilities work impacts on the road surface. This should ensure a more holistic approach is taken to development, maintenance and reinstatement works. The experience and efficacy of deploying this approach will be reported to the Transport and Environment Committee.

### ***Improve cycle infrastructure***

- 3.52 Edinburgh now has higher proportions of people who cycle to work than anywhere else in Scotland and the importance of maintaining well-kept cycle paths and lanes was reflected in the ideas written by citizens on the Dialogue page. It was felt that improvements are required in order to ensure that the network of cycle paths and lanes are properly linked together throughout the city to ensure a safer and easier journey and to encourage more people to choose cycling as their mode of transport.
- 3.53 The Council has made a significant commitment to spend an increasing portion of its revenue and capital spending on the active travel network.

### **Next steps**

- 3.54 Feedback from the budget engagement will also form part of the considerations for the creation of Locality Improvement Plans – particularly with regard to the use of facilities in localities – and the development of the Edinburgh 2050 City Vision. Through regular review of the Council Business Plan, the organisation remains focused on delivering positive outcomes for our customers within the current operating environment. The next update to the Business Plan will reflect all development work around budget engagement, Locality Improvement Planning and the development of the City Vision.
- 3.55 Views on the use of online services will influence the approach to the development and roll-out of the Council's ICT Transformation Programme, and the development of a new Customer Promise and supporting strategic approach to managing the customer experience.

## Measures of success

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- 4.1 The success of a budget engagement process is determined by several criteria, including:
- a. The number of individuals who are reached by messages about the consultation, raising awareness that the Council is engaging on its budget;
  - b. The number of individuals who attend events or otherwise respond to the budget engagement; and
  - c. The extent to which individuals and organisations have been able to understand and meaningfully input into the budget process. Unlike other measures of success, this is subjective and takes into account wider feedback on the budget process.
- 4.2 The budget engagement process is reviewed each year, and all of this feedback will be considered when designing any future budget engagement activity.

## Financial impact

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- 5.1 The budget engagement process is met from within existing budgets and resources.

## Risk, policy, compliance and governance impact

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- 6.1 There is a general acceptance that a local authority has a responsibility to meaningfully engage with stakeholders on its budget. An open, transparent budget engagement process is a key part of several corporate strategies and local community plans. This process reduces the overall risk of legal action and reputational damage for the Council.

## Equalities impact

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- 7.1 The engagement process has been designed to be inclusive through all communication channels, reaching both individuals and special interest groups, using a range of promotional material.
- 7.2 All proposals from the budget are in the process of being equalities rights impact assessed both individually and cumulatively. The results of these ERIAs will be reported to Full Council as part of the budget process.

## Sustainability impact

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- 8.1 The impacts of this report in relation to the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties have been considered, and the outcomes are summarised below.
- 8.2 This budget engagement process has no appreciable impact on carbon emissions. Through any engagement process it is hoped that services and their customers will develop more sustainable ways of operating.
- 8.3 The need to build resilience to climate change impacts is not relevant to this report, however specific proposals may have climate change impacts and these will be reported on as part of their individual impact assessments.
- 8.4 The budget engagement process will help achieve a sustainable Edinburgh through ensuring a diverse range of people have a meaningful say on issues that affect the economic wellbeing and environmental stewardship of the city.

## Consultation and engagement

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- 9.1 The budget engagement process is one of the Council's key projects for ensuring citizens, staff and other stakeholders have a voice in priorities for the city and how its budget is spent.
- 9.2 This budget engagement is part of a four year programme of continuous engagement with citizens, staff and the Council's partner organisations on all issues relating to the budget and transformation of services, including integration of health and social care services. Methods have been established for enabling meaningful dialogue with all stakeholder groups and these will be continually reviewed with these groups to ensure they are accessible and relevant for obtaining all types of feedback.

## Background reading/external references

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None.

### **Andrew Kerr**

Chief Executive

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## Links

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<b>Coalition pledges</b>	All
<b>Council outcomes</b>	All
<b>Single Outcome Agreement</b>	All
<b>Appendices</b>	None

# The City of Edinburgh Council

10.00am, Thursday 9 February 2017

## Council Tax – Review of Procedure for Second Homes – referral report from the Finance and Resources Committee

Item number 4.4  
Report number  
Executive/routine  
Wards

### Executive Summary

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On the 19 January 2017 the Finance and Resources Committee considered a report that advised the Council should exercise its discretion not to grant a Council Tax discount for second homes in order to support housing markets, encourage better use of housing stock and generate additional income for key frontline staff. The report has been referred to The City of Edinburgh Council's budget meeting on 9 February 2017 for decision as part of the budget setting process.

### Links

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<b>Coalition Pledges</b>	See attached report
<b>Council Priorities</b>	See attached report
<b>Single Outcome Agreement</b>	See attached report

# Terms of Referral

## Council Tax – Review of Procedure for Second Homes

### Terms of Referral

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- 1.1 The introduction of the 2016 regulations allowed local authorities discretion to grant no discount in respect of second homes. The current level of Council Tax discount for second homes in Edinburgh was 10% and this was applicable to 2,321 properties in the city at the end of November 2016 with a value of £324,000 per annum as noted in Appendix 1 of the report.
- 1.2 Legislation had also been introduced by the Scottish Government to amend The Council Tax multipliers for properties in bands E to H which would result in an increase in charges levied across these four bands. As a result this would generate potential additional revenue of £27,000, as noted in Appendix 1 of the report.
- 1.3 The freeze on the Council Tax was removed by the Scottish Government from 2017/18 and local authorities could implement an increase of up to 3%. If implemented by the Council, this would increase the additional potential revenue generated by a further £11,000 to a total of £326,000, as noted in Appendix 1 of the report.
- 1.4 The Finance and Resources Committee agreed:
  - 1.4.1 To note the report and the proposal not to grant a Council Tax discount for second homes in Edinburgh with effect from 1 April 2017.
  - 1.4.2 To refer the report to Full Council for decision on 9 February 2017 as part of the budget setting process.

### For Decision/Action

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- 2.1 The City of Edinburgh Council is to consider the report as part of the budget setting process.

### Background reading/external references

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Minute of the Finance and Resources Committee, 19 January 2017

#### **Kirsty-Louise Campbell**

Interim Head of Strategy and Insight

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## Links

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<b>Coalition Pledges</b>	See attached report
<b>Council Priorities</b>	See attached report
<b>Single Outcome Agreement</b>	See attached report
<b>Appendices</b>	See attached report

# Finance and Resources Committee

10.00am, Thursday, 19 January 2017

## Council Tax – Review of Procedure for Second Homes

Item number	7.10
Report number	
Executive/routine	
Wards	

### Executive Summary

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The Scottish Government has introduced legislation with effect from 1 April 2017 to allow local authorities to grant no Council Tax discount in respect of second homes. This supports Council policy and is one of the Scottish Government's priorities to give everyone access to a good quality, affordable home.

Currently 2,321 customers with a second home in Edinburgh receive a 10% discount against their Council Tax charge.

This reports outlines that the Council should exercise its discretion not to grant a Council Tax discount for second homes in order to support housing markets, encourage better use of housing stock and generate additional income for key frontline services.

### Links

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Coalition Pledges	<a href="#">P8, P30</a>
Council Priorities	<a href="#">CP10, CP13</a>
Single Outcome Agreement	<a href="#">SO1</a>



## Council Tax – Review of Procedure for Second Homes

### 1. Recommendations

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- 1.1 Members of the Finance and Resources Committee are asked to:
  - 1.1.1 Note the content of this report and the proposal not to grant a Council Tax discount for second homes in Edinburgh with effect from 1 April 2017; and
  - 1.1.2 Remit the report to Council for decision on 9 February 2017 as part of the budget-setting process.

### 2. Background

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- 2.1 In 2005 the Scottish Government introduced legislation that allowed local authorities to vary the level of Council Tax discount on long term empty properties and second homes from between 10% to 50%. As a result, with effect from 1 July 2005 the Council reduced the discount on second homes to 10%.
- 2.2 The Scottish Government then implemented the Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013 that allowed local authorities to further vary the discount and, in some cases, increase the level of Council Tax payable on unoccupied properties. The introduction of this legislation did not alter the level of Council Tax discount second homes would attract. It did, however, offer clarification on the definition of a second home in that it should be no one's sole or main residence, furnished and occupied for at least 25 days in any 12 month period.
- 2.3 In November 2016 the Scottish Government amended the 2013 regulations as referred to in paragraph 2.2 by implementing The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Amendment Regulations 2016. The changes allow local authorities the discretion to grant no discount in respect of second homes.

### 3. Main report

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- 3.1 The introduction of the 2016 regulations allows local authorities discretion to grant no discount in respect of second homes.

- 3.2 The current level of Council Tax discount for second homes in Edinburgh is 10% and this was applicable to 2,321 properties in the city at the end of November 2016 with a value of £324k per annum as noted in Appendix 1.
- 3.3 The Scottish Government have also introduced legislation to amend the Council Tax multipliers for properties in bands E to H which will result in an increase in charge levied across these four bands. As a result this would generate potential additional revenue of £27k, as noted in Appendix 1.
- 3.4 The Scottish Government has removed the freeze on Council Tax from 2017/18 and local authorities can implement an increase of up to 3%. If implemented by the Council, this would increase the additional potential revenue generated by a further £11k to total £362k, as noted in Appendix 1.
- 3.5 The figures quoted in paragraphs 3.3 and 3.4 assumes the number of second homes in Edinburgh remains static and all of the liability is collected but it is likely to be reduced by some level of write off or collection delay. Typically, the Council Tax collection is around 97% of the charge levied.

#### **4. Measures of success**

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- 4.1 A key measure of success would be a reduction in the number of second homes lying empty as they have been actively marketed for sale / let and subsequently sold or rented out. This is in line with Coalition Pledge 8, to make sure the city's people are well housed.
- 4.2 Another measure of success is to generate additional income to support key front line services. This is consistent with Coalition Pledge 30, to continue to maintain a sound financial position including long term financial planning.

#### **5. Financial impact**

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- 5.1 A decision to grant no discount to the 2,321 second homes in Edinburgh will generate additional revenue of between £351k and £362k.
- 5.2 The additional revenue to the Council is not ring fenced unlike some previous changes to empty property legislation and, therefore, could be reinvested in key services.
- 5.3 The implementation of the change is likely to incur some ICT and administrative costs, and these are estimated to be approximately £20k.

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

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- 6.1 There is a risk that customers with a second home request their property is treated as an empty dwelling in order to continue receiving a reduction. This is a short term

solution until the property is deemed long term empty at which point a 200% Council Tax charge becomes payable and the customer could then claim their property is a second home as a means of avoidance.

- 6.2 Staff will receive guidance on the risk highlighted in paragraph 6.1 in order to ensure the classification of properties and reductions applied to Council Tax, if applicable, is accurate.
- 6.3 Procedures would be regularly reviewed for ongoing compliance with relevant policies, such as the Corporate Debt Policy.

## **7. Equalities impact**

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- 7.1 The following paragraph is an extract from the Scottish Governments policy note on the 2016 regulations:

“An Equalities Impact Assessment was completed on the proposals for the 2013 Regulations. A draft of that assessment was consulted on at the time and copies were sent to bodies representing equalities groups. As a result of limited feedback received, the Scottish Government concluded then that, while equalities information is not available in relation to owners of second homes, these proposals were not expected to lead to negative impacts on any particular equalities groups. As there is no change to availability of equalities information in relation to owners of second homes we do not see any change to the earlier assessment.”

## **8. Sustainability impact**

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- 8.1 A reduction in second homes lying empty will have positive environmental and economic benefits by increasing the number of homes available for individuals and families.

## **9. Consultation and engagement**

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- 9.1 If Committee accept the recommendation in paragraph 1.1 it is our intention to communicate the changes to all customers who currently have a second home in Edinburgh at the earliest possible opportunity. This early intervention will allow customers with second homes a chance to consider their options and take appropriate action.

## **10. Background reading/external references**

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[The Council Tax \(Variation for Unoccupied Dwellings\) \(Scotland\) Regulations 2013.](#)

[The Council Tax \(Variation for Unoccupied Dwellings\) \(Scotland\) Amendment Regulations 2016.](#)

[Corporate Debt Policy](#) - Corporate Policy and Strategy Committee, Tuesday, 3 September 2013 and update.

## Hugh Dunn

Acting Executive Director of Resources

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## 11. Links

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<b>Coalition Pledges</b>	P8 - make sure the city's people are well housed P30 - continue to maintain a sound financial position including long term financial planning
<b>Council Priorities</b>	CP10 - a range of quality housing options CP13 - transformation, workforce, and partner engagement, budget
<b>Single Outcome Agreement</b>	SO1 - Edinburgh's economy delivers increased investment, jobs and opportunities for all
<b>Appendices</b>	Appendix 1 - table detailing potential additional income generated by not granting a Council Tax discount for second homes

## Potential additional income generated by not granting a Council Tax discount for second homes

Band	Total	Annual Council Tax Charge (£)	Current Value of Second Home Discount (£)	Additional Revenue Including Band E-H Multipliers (£)	Additional Revenue Including 3% Increase (£)
A	51	779.33	3,974.58	3,974.58	4,093.82
B	215	909.22	19,548.23	19,548.23	20,134.68
C	333	1,039.11	34,602.36	34,602.36	35,640.43
D	406	1,169.00	47,461.40	47,461.40	48,885.24
E	566	1,428.78	80,868.95	86,934.12	89,542.14
F	418	1,688.56	70,581.81	79,404.53	81,786.67
G	268	1,948.33	52,215.24	61,352.91	63,193.50
H	64	2,338.00	14,963.20	18,329.92	18,879.82
<b>Total</b>	<b>2,321</b>		<b>324,215.78</b>	<b>351,608.06</b>	<b>362,156.30</b>

10.00am, Thursday 9 February 2017

## New Meadowbank Update - referral from the Culture and Sport Committee

Item number	4.5
Report number	
Wards	All

### Executive summary

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An update was provided on the project to provide a new Meadowbank sports centre and associated facilities including proposals for the wider regeneration of the existing site through residential and commercial development.

The report has been referred to the Council for consideration of the anticipated funding gap of £7.9m for the project as part of the budget setting process.

### Links

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

# Terms of Referral

## New Meadowbank Update

### Terms of referral

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- 1.1 An update was provided on the project to provide a new Meadowbank sports centre and associated facilities including proposals for the wider regeneration of the existing site through residential and commercial development.
- 1.2 The funding package for the sports centre included capital receipts from the Housing Revenue Account for land for house building, disposal of a site to market for commercial development, Edinburgh Leisure borrowing and a **sportscotland** grant. At this stage, there remained a funding gap of £7.9m for the project.
- 1.3 The following vote took place:

#### Motion

- 1) To note the update on progress with the project to deliver a new Meadowbank sports centre and associated facilities.
  - 2) To refer the anticipated funding deficit of £7.9m for the new sports centre to full Council for consideration as part of the Council's budget setting process in February 2017.
  - 3) To note that funding was available from the Housing Revenue Account to purchase parts of the existing site for housebuilding. The capital receipt received would be used to support the development of the new sports centre.
- moved by Councillor Lewis, seconded by Councillor Austin Hart

#### Amendment

- 1) To note the update on progress with the project to deliver a new Meadowbank sports centre and associated facilities.
  - 2) To refer the anticipated funding deficit for the new sports centre to full Council for consideration as part of the Council's budget setting process in February 2017.
  - 3) To note that funding was available from the Housing Revenue Account to purchase parts of the existing site for house building. However, notes that the City of Edinburgh Council has a public service obligation to obtain best value and therefore agrees that these parts of the site should be available for sale on the open market for housing development, noting this would include 25% affordable housing for a set length of time before reverting to HRA funding and without further delaying the project. The capital receipt received will be used to support the development of the new sports centre.
- moved by Councillor Paterson, seconded by Councillor Mowat

## Voting

For the motion - 10 votes

For the amendment - 2 votes

## Decision

To approve the motion by Councillor Lewis.

## For Decision/Action

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2.1 Council is asked to consider the anticipated funding gap of £7.9m for the new Meadowbank project as part of the budget setting process.

## Background reading / external references

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[Minute of the City of Edinburgh Council 10 March 2016](#)

[Minute of the Culture and Sport Committee 14 December 2016](#)

## Kirsty-Louise Campbell

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## Links

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<b>Coalition pledges</b>	See attached report
<b>Council priorities</b>	See attached report
<b>Single Outcome Agreement</b>	See attached report
<b>Appendix 1</b>	Report by the Acting Executive Director of Communities and Families



# Culture and Sport Committee

2pm, Wednesday, 14 December 2016

## New Meadowbank Update

### Item number

### Report number

### Executive/routine

Executive

### Wards

All

### Executive summary

This report provides the latest update on the project to provide a new Meadowbank sports centre and associated facilities which includes wider regeneration of the existing site through residential and commercial development.

The funding package for the sports centre includes capital receipts from the Housing Revenue Account for land for housebuilding, disposal of a site to market for commercial development, Edinburgh Leisure borrowing and a **sportscotland** grant.

The latest proposals result in an estimated capital funding shortage of £7.9m for the sports centre. Committee is asked to refer this report to Council as part of its budget considerations on 9 February 2017. If funding cannot be found, or Committee decides in any case not to proceed, an immediate review of Meadowbank project will be required. Committee is requested to note that funding for housing development on the surplus sites is available from the Housing Revenue Account.

Development of a new sports centre, housing and commercial development at Meadowbank will meet a number of Council objectives; including regeneration of the area and support for the local economy.

### Links

#### Coalition pledges

[P42, P43, P45](#)

#### Council priorities

[CP2, CP12](#)

#### Single Outcome Agreement

[SO2](#)

## New Meadowbank Update

### Recommendations

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- 1.1 Note the update on progress with the project to deliver a new Meadowbank sports centre and associated facilities.
- 1.2 To refer the anticipated funding deficit of £7.9m for the new sports centre to full council for consideration as part of the council's budget setting process in February 2017.
- 1.3 Note that funding is available from the Housing Revenue Account to purchase parts of the existing site for housebuilding. The capital receipt received will be used to support the development of the new sports centre.

### Background

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- 2.1 A report to The City of Edinburgh Council on [10 March 2016](#) outlined a strategy for the redevelopment of the existing Meadowbank complex which included a commitment to the provision of a new sports centre and associated facilities and the release of three sites for other development to generate funding for the new sports centre. It has been agreed that two of the sites released would be transferred to the Housing Revenue Account for future residential development and the third site sold on the open market for commercial development.
- 2.2 The report also approved that £0.7m from the Strategic Investment Fund (to be refunded from the project budget when established) could be used to develop the design for the sports centre and associated facilities to RIBA Stage 4 and approved the principle of covering the remaining project funding gap by using an element of the unallocated funding in the Capital Investment Programme in the years 2019/20 and 2020/21. Following the design to RIBA Stage 4 it was agreed a tender exercise would be carried out to establish the actual costs of the project and determine the actual funding that would be required from the Capital Investment Programme to ensure delivery of the new facilities.

### Main report

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- 3.1 Following the report to Council in [March 2016](#) a design team was appointed through the Council's Professional Services Framework to take forward the design to RIBA stage 4. To date the design process for the sports centre has reached RIBA stage 2 which has allowed the cost estimates for the new facilities to be updated. A masterplan for the wider site including a review of the level of housing and commercial development opportunities has also been undertaken.

3.2 In parallel with the design process, consultation with national sports governing bodies, local user groups and other key stakeholders has been undertaken to establish the extent of the sporting facilities which will require to be delivered. Proposal of Application Notices (PANs) for the sports centre and the wider masterplan area, which are required as part of the planning process for development of this scale, have also been submitted and two public engagement events outlining the proposals and requesting feedback were held on 17 and 22 November. Details of the proposals and a feedback questionnaire are available online ([www.edinburgh.gov.uk/newmeadowbank](http://www.edinburgh.gov.uk/newmeadowbank)) until the end of December 2016. Following the end of the PAN consultation period it is the intention that a detailed planning application for the new sports centre will be submitted which will include a report on the outcomes of the public consultation.

### Update on Funding Package

3.3 Since the last report to Council the estimated cost of providing the sports centre, the level of capital receipts and the amount of funding available from Edinburgh Leisure have all been revised. Further discussions have also been held with **sportscotland** and a stage 1 funding application to their sports facilities funding programme was submitted at the beginning of December. **Sportscotland** have been fully engaged in the ongoing consultation process, have attended project meetings and working groups and are fully aware of the project requirement for the level of funding requested in the application.

3.4 The table below provides the latest cost and income estimates for each element of the funding package and identifies the resultant funding gap which it is estimated will be required from the Council's Capital Investment Programme.

Estimated cost and financial package for a new Meadowbank	December 2016
<b>Total project cost estimate</b>	£43.5m
Funding Sources	
Capital Receipts from HRA transfer and commercial site	£21.8m
Edinburgh Leisure Borrowing and Savings	£6.8m
<b>sportscotland</b>	£7m
<i>Total funding</i>	£35.6m
<b>Current Estimated Funding Gap</b>	<b>£7.9m</b>

- 3.5 Above and beyond normal construction contingency (7.5% of the estimated construction costs at RIBA stage 2 design) the project cost estimate for the new sports centre includes an additional £2.5m of contingency aligned to specific risk including the diversion of a sewer and other potential construction abnormalities. However, negotiations with Scottish Water to develop a construction methodology which may avoid the sewer diversion and assessments by the design engineers are ongoing with a view to significantly reducing these risk costs. The design team will also be tasked to continue to reduce the estimated costs of construction as the design progresses through RIBA stages 3 and 4.
- 3.6 The estimated receipts for the commercial development site could also generate more funding for the project. Therefore, while fluctuations in the funding package will continue until the final design, construction procurement and land sales are completed, the cost estimate above still has the potential to be reduced and it is anticipated an allocation from the Capital Investment Programme to cover the estimated funding gap would allow the project to continue at an acceptable level of risk.
- 3.7 Due to the level of competition from all areas of the Council for the limited unallocated funding in the Capital Investment Programme it is recommended that the report is referred to Council for consideration for funding to cover the anticipated funding gap through the Council's capital budget setting process. Based on the latest programme for delivery of the sports centre, funding of £1.422m in 2017/18, £3.95m in 2018/19 and £2.528m in 2019/20 is required. Any expenditure incurred by the project to the end of March 2017 from the £0.7m allocation in the Strategic Investment Fund would be repaid from the 2017/18 capital allocation.
- 3.8 Should the Committee agree to progress with the recommended capital funding request for this project then the design team would continue to progress with the preparation of a detailed planning application for the project. If the capital funding request is successful the project would then continue beyond the planning stage to full design and construction. The contract for construction would not be let until approved by the Finance and Resources Committee.
- 3.9 The current estimated closure date for the existing sports centre is the end of August 2017 with an expected demolition and construction period of two years. As noted in previous reports, the facility cannot be refurbished to a satisfactory standard and there is a limit to the length of time it can remain operational.
- 3.10 If the funding request is not successful then it is recommended that a full review of the project will be required and that the outcomes of the review would be reported to the next available Culture and Sport Committee.

### **Wider Masterplan**

- 3.11 Development of a new sports centre at Meadowbank creates an opportunity to regenerate this part of the city. Proposals for the wider site include development

of more than 300 homes; including affordable housing, a hotel and student housing. This will create jobs and support for the wider economy.

## Measures of success

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- 4.1 Measures of success are:
- Delivery of a new sports facilities at Meadowbank which meet the needs of all user groups including positive benefits in terms of health and wellbeing;
  - Development of more than 300 new homes; including affordable housing;
  - Support for jobs and the wider economy.

## Financial impact

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- 5.1 A total of £0.107m in revenue has been spent to date on developing the new Meadowbank proposal.
- 5.2 The total cost of the new sports complex is now estimated to be £43.5m. The estimated total funding which could be achieved is £35.6m. (This is predicated on transferring two surplus sites to the HRA and disposing of a site for commercial development to market.) The total project cost could potentially reduce further, depending on the outcome of the eventual tender process to appoint a contractor. Equally, rising construction inflation could increase the total project cost.
- 5.3 The remaining projected shortfall for the sports centre is £7.9m and it is now recommended that this report is referred to Council to consider this anticipated funding gap through the Council's capital budget setting process in February 2017.
- 5.4 The contribution to be made to the project by Edinburgh Leisure through borrowing and savings is based on a business case that demonstrates the associated revenue income / saving streams that would be generated to pay for annual loan charges. The proposed level of prudential borrowing has been in part calculated by assuming that the improved operating position of the new facility would remove the requirement for a service payment.
- 5.5 The prudential borrowing element of the funding requires the new Sports Centre to operate without a service payment from the Council and for the service payment for the existing facility to be made available by the Council to part-fund the assumed prudential borrowing element of funding. Further sustainable revenue income and saving streams will be required to pay the annual loan charges required from prudential funding.
- 5.6 Pending realisation of the full funding package, the Council could incur additional borrowing costs to fund the timing of payments. These costs will be known once the procurement solution is identified and the cost and income profile is known.
- 5.7 The report outlines proposed total capital expenditure plans of a maximum of £43.5m with identified funding of £35.6m and a remaining funding gap of £7.9m.

If this funding gap were to be funded fully by borrowing, the overall loan charges associated with this expenditure over a 20 year period would be a principal amount of £7.900m and interest of £5.143m, resulting in a total cost of £13.042m based on a loans fund interest rate of 5.1%. The annual loan charges would be £0.652mm.

- 5.8 It should be noted that the Council's Capital Investment Programme is funded through a combination of General Capital Grant from the Scottish Government, developers and third party contributions, capital receipts and borrowing. The borrowing required is carried out in line with the Council's approved Treasury Management Strategy and is provided for on an overall programme basis rather than for individual capital projects.
- 5.9 If the decision is taken not to proceed with the proposed new Meadowbank, a further report on the financial and other implications of this will be required within six months. As noted in previous reports, the facility cannot be refurbished to a satisfactory standard and there is a limit to the length of time it can remain operational.

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

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- 6.1 All Communities and Families capital projects are delivered in line with the Council's Risk Management Policy and Framework. The new Meadowbank project is overseen by an Investment Steering Group which operates based on the project management principles of Prince 2 following the same governance structure as all other Council major projects. The consideration and management of risk is undertaken through this group. The total project cost and funding projections are estimates and are subject to fluctuating market conditions and inflation which may affect the scope and delivery of the project. Construction inflation has increased since February 2015 and (at the time of writing) is still rising. The capital receipt estimates are based on current day prices and informed by independent valuations.
- 6.2 The prudential funding element of the funding package requires the new Sports Centre to operate without service payment and for additional annual efficiencies and income to cover loans charges. The risk of any shortfall against these targets is borne by Edinburgh Leisure.
- 6.3 The revenue costs and income projections in the business case for the new Sports Centre's operation are subject to regular review and updating which could change the prudential borrowing level.
- 6.4 The Planning risk has been mitigated by preparing Planning guidelines for the site with Planning.
- 6.5 If the project does not proceed, or is reduced in scope, design fees related to the abortive elements of the project will require to be written off to the revenue budget.

- 6.6 Since Meadowbank is Edinburgh's biggest driver of indoor and outdoor sport participation, the closure of this facility would have a negative impact on levels of physical activity and participation in sport by Edinburgh residents of all ages. As reported to the Corporate Policy and Strategy Committee on 29 September 2015, an independent consultancy advises that there would be a serious under-supply of facilities and services if Meadowbank is closed and not replaced.
- 6.7 This would have a negative impact on the delivery of key policies including the Physical Activity and Sport Strategy agreed by the Council and city partners; two of the Council's Pledges; and the Scottish Government's Active Scotland Outcomes Framework. The health effects of an inactive life are serious. Inactivity accounts for over a third of deaths from heart disease and threatens the progress made in this area over many years. Added to this is the disease, disability and poor mental health that come from growing levels of obesity and a lack of physical strength. Physical inactivity has been called the 'silent killer of our time'. As reported in a [2012 article in The Lancet](#), "Elimination of physical inactivity would remove between 6% and 10% of the major non-communicable diseases of Coronary Heart Disease, type 2 diabetes, and breast and colon cancers, and increase life expectancy."
- 6.8 If this project does not proceed, and services are withdrawn from Meadowbank, the capital city would no longer have a flagship multi-sport facility. Regional training needs and Edinburgh's general health and wellbeing would be adversely affected. The city would have fewer regional-level sporting facilities than its peer city group and lose the ability to train Edinburgh's future sportsmen and sportswomen.
- 6.9 Whilst the surplus sites at Meadowbank could be developed independently of a new sports centre, the overall impact of the regeneration would be reduced with fewer benefits delivered.

## Equalities impact

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- 7.1 The new sports centre at Meadowbank will be a modern, fully accessible, high quality facility open to all Edinburgh residents and visitors. The new facility would make a positive impact on the health, well-being and quality of life of those who use it. The facility is currently projected to attract over 600,000 visits per year by the second year of its operation. The current Meadowbank has just over 500,000 visits per year. If the project does not proceed, the impact on current users losing this facility would require to be assessed.
- 7.2 All new homes developed on the surplus sites will be high quality, energy efficient and accessible. A proportion of the new homes will be suitable for frail, older people and wheelchair users.

## Sustainability impact

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- 8.1 The new Meadowbank sports centre will be designed wherever possible in line with the Council's policies on energy efficiency and sustainability. New housing

is built to high standards of energy efficiency and sustainability with brown field housing development reducing the impact on Edinburgh's greenbelt.

## Consultation and engagement

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- 9.1 Significant consultation and engagement with national sports governing bodies and local users of the sports facilities has been undertaken to date and will continue throughout the future phases of the project.
- 9.2 Public consultation events as required through the planning process following the submission of a Proposal of Application Notice have been carried out and a consultation webpage ([www.edinburgh.gov.uk/meadowbank](http://www.edinburgh.gov.uk/meadowbank)) including an online feedback questionnaire is available to the end of December.

## Background reading/external references

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Report to Council on [10 March 2016](#)

Report to Finance and Resources Committee on [26 November 2015](#)

Report to Economy Committee on [17 November 2015](#)

Report to Corporate Policy and Strategy Committee on [29 September 2015](#)

Minute of Council on [12 February 2015](#)

Report to Corporate Policy and Strategy Committee on [20 January 2015](#)

Report to Culture and Sport Committee on [17 December 2013](#)

Nine previous reports on National and Regional Sports Facilities (incorporating Meadowbank) to Council, Culture and Leisure Committee, and the Culture and Sport Committee, from 2004 to present, culminating in a [March 2008](#) report to Council

Scottish Government [Active Scotland Outcomes Framework](#)

## Alistair Gaw

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## Links

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<b>Coalition pledges</b>	P42 – Continue to support and invest in our sporting infrastructure
	P43 – Invest in healthy living and fitness advice for those most in need
	P45 - Spend 5% of the transport budget on provision for cyclists



<b>Council priorities</b>	CP2 - Improved health and wellbeing: reduced inequalities CP12 - A built environment to match our ambition
<b>Single Outcome Agreement</b>	S02 - Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health

10.00am, Thursday 9 February 2017

## Rising School Rolls - referral from the Education, Children and Families Committee

<b>Item number</b>	4.6
<b>Report number</b>	
<b>Wards</b>	All

### Executive summary

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The Education, Children and Families Committee on 13 December 2016 considered an update on proposals to address accommodation pressures at seven primary schools in the City.

The report has been referred to the Council for consideration of the anticipated funding deficit of £10.565m for the rising school rolls programme and the unfunded cost of £12.737m associated with providing a new primary school in south Edinburgh as part of the budget setting process.

### Links

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

# Terms of Referral

## Rising School Rolls

### Terms of referral

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- 1.1 On 13 December 2016 the Education, Children and Families Committee considered an update on proposals to address accommodation pressures at the following seven primary schools in the City - Bruntsfield, Corstorphine, Liberton, Stockbridge, St Margaret's RC, Trinity and Victoria Primary Schools.
- 1.2 The findings of feasibility work undertaken at Victoria and the former Fort Primary School building were also outlined and approval sought to undertake a statutory consultation proposing the relocation of Victoria Primary School to a new building on a site in the Western Harbour.
- 1.3 Details were also provided of secondary schools which were anticipated to experience more significant rising rolls from 2018.
- 1.4 The Education, Children and Families Committee agreed:
  - 1.4.1 To approve that the projects at Corstorphine Primary School and St Margaret's RC Primary School as detailed in Appendix 1 of the Acting Executive Director's report would be delivered through Hub South East Scotland Ltd.
  - 1.4.2 To approve a full statutory consultation, beginning at the end of January 2017, proposing the relocation of Victoria Primary School to the site in the Western Harbour allocated for a primary school in the Local Development Plan, could be progressed based on the draft consultation paper attached in Appendix 3 of the Acting Executive Director's report.
  - 1.4.3 To note that, in respect of Trinity Primary, it was likely that a very small number of families would be taken out of the current catchment and that Trinity Primary Parent Council had requested a sibling guarantee for those families. Therefore, to agree that, as part of the formal consultation, there would be an option put forward for a sibling guarantee for those who have an elder child in the catchment at the time when the boundary change came into effect.
  - 1.4.4 That, in the event of the existing Victoria Primary School ceasing to be a school, to agree that consideration be given to the historic school building of Victoria Primary School being retained for use as a community resource and the new annexe/extension to be retained which could be potentially used as a nursery.
  - 1.4.5 To note the intention to report to Council in June 2017 the outcomes of the statutory consultation proposing the relocation of Victoria Primary School to the site in Western Harbour.

- 1.4.6 To note that the funding implications of the proposal for the relocation of Victoria Primary School to the site in the Western Harbour would be reported to the Finance and Resources Committee as part of the Local Development Plan Action Programme update in January 2017.
- 1.4.7 To note the intention to report back to Committee in March 2017 on the preferred solution to accommodation issues at Stockbridge Primary School.
- 1.4.8 To note the intention to submit a report to Committee in March 2017 seeking approval for a statutory consultation proposing the establishment of a permanent shared annexe for Boroughmuir and James Gillespie's High Schools.
- 1.4.9 To refer the anticipated funding deficit of £10.565m to the Council in February 2017 for consideration as part of the capital budget setting process.
- 1.4.10 To note that the funding deficit excluded any costs associated with providing a new primary school in the south Edinburgh area which remained an unfunded cost of £12.737m in the Capital Investment Programme 2016-2021 and to refer this unfunded priority to the Council in February 2017 for consideration as part of the capital budget setting process.

## For Decision/Action

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- 2.1 Council is asked to consider the anticipated funding deficit of £10.565m for the rising school rolls programme and the unfunded cost of £12.737m associated with providing a new primary school in south Edinburgh as part of the budget setting process.

## Background reading / external references

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[Minute of the Education, Children and Families Committee 13 December 2016](#)

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### Links

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<b>Coalition pledges</b>	See attached report
<b>Council priorities</b>	See attached report
<b>Single Outcome Agreement</b>	See attached report
<b>Appendix 1</b>	Report by the Acting Executive Director of Communities and Families

# Education, Children and Families Committee

10am, Tuesday, 13 December 2016

## Rising School Rolls

<b>Item number</b>	
<b>Report number</b>	7.3
<b>Executive/routine</b>	Executive
<b>Wards</b>	All

### Executive Summary

This report provides an update on proposals to address accommodation pressures at the following schools: Bruntsfield, Corstorphine, Liberton, Stockbridge, St Margaret's RC, Trinity and Victoria Primary Schools.

Working groups involving school staff and parent representatives have been established at each of these schools and have been involved in developing the identified solutions. This includes the detailed development of a new build solution at Liberton; internal reconfiguration of existing spaces at Bruntsfield and Corstorphine; plans for the delivery of a new hall at St Margaret's RC Primary School; and the identification of a potential solution at Stockbridge Primary School.

This report also outlines the findings of the feasibility work undertaken at Victoria and the former Fort Primary School building and seeks Committee approval to undertake a statutory consultation proposing the relocation of Victoria Primary School to a new building on a site in the Western Harbour. Finally an update on rising rolls issues in the secondary sector is provided.

### Links

<b>Coalition Pledges</b>	<a href="#">P4</a>
<b>Council Priorities</b>	<a href="#">CP1, CP12</a>
<b>Single Outcome Agreement</b>	<a href="#">S03</a>

## Rising School Rolls

### 1. Recommendations

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- 1.1 Approve that the projects at Corstorphine Primary School and St Margaret's RC Primary School as detailed in Appendix 1 will now be delivered through Hub South East Scotland Ltd.
- 1.2 Approve a full statutory consultation, beginning at the end of January 2017, proposing the relocation of Victoria Primary School to the site in the Western Harbour allocated for a primary school in the Local Development Plan can be progressed based on the draft consultation paper attached in Appendix 3.
- 1.3 Note the intention to report to Council in June 2017 the outcomes of the statutory consultation proposing the relocation of Victoria Primary School to the site in Western Harbour.
- 1.4 Note that the funding implications of the proposal for the relocation of Victoria Primary School to the site in the Western Harbour will be reported to the Finance and Resources Committee as part of the Local Development Plan Action Programme update in January 2017.
- 1.5 Note the intention to report to Committee in March 2017 the preferred solution to accommodation issues at Stockbridge Primary School.
- 1.6 Note the intention to return to Committee in March 2017 a report seeking approval for a statutory consultation proposing the establishment of a permanent shared annexe for Boroughmuir and James Gillespie's High Schools.
- 1.7 To refer the anticipated funding deficit of £10.565m to full council for consideration as part of the council's capital budget setting process in February 2017.
- 1.8 Note that the funding deficit excludes any costs associated with providing a new primary school in the south Edinburgh area which remains an unfunded cost of £12.737m in the Capital Investment Programme 2016-2021 and approve to refer this unfunded priority to full council for consideration in the council's capital budget setting process in February 2017.

## 2. Background

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### Primary Schools

- 2.1 The Vision for Lifelong Learning paper which is a separate agenda item at this Committee sets out the projected Primary and Secondary school rolls up to 2026 and summarises the methodology by which these projections are produced. The projections provide a strategic indicator which assists in identifying primary schools across the city which may come under future accommodation pressure as a result of rising rolls.
- 2.2 Where it is considered that the pressure on a school may represent a risk to its ability to meet future demand from its catchment population this is reported to Committee each March as part of the Rising Rolls process. This allows a 17 month period in advance of August of the following year for engagement with the relevant school communities, development of a preferred solution for every school and ultimately, if required, implementation of that solution.
- 2.3 In recent years a significant level of high quality, additional capacity has already been provided in the primary school estate all of which has been very positively received by pupils, parents and staff. Since 2013 this has included large extensions to existing primary school buildings at Kirkliston, Towerbank and Corstorphine Primary Schools, internal reconfigurations progressed at several other schools, the establishment of a temporary annexe for South Morningside Primary School at the refurbished former Deanbank Resource Centre and 17 new stand-alone extensions including the ones opened at East Craigs and the Fox Covert Primary Schools in August 2016.
- 2.4 Due to the budget pressures faced by the Council new build is only delivered when absolutely necessary and other options such as catchment review are, and have been, considered where possible. However, opportunities to consider catchment review have been scarce due to pressure on neighbouring schools, the geographic obstacles to realignment of catchment boundaries or simply the likely effectiveness of catchment change within the timescales required.
- 2.5 Increasingly there is an overlap between the Rising Rolls programme and the education infrastructure requirements of the Local Development Plan. Accordingly, while some pressures may be principally due to births within the existing catchment areas or patterns of migration; others are based on assumptions about what may be generated by housing which is yet to be fully planned and developed.
- 2.6 One such area where the development of new housing is presenting accommodation pressures and will continue to do so as additional development comes forward in future years is in the catchment areas of Victoria Primary School and Trinity Primary School. The continuing development of the Western Harbour site and the potential developments in North Leith requires a more holistic approach to addressing the pressures identified which recognises not only the needs of the existing population but also those of new and future communities.

- 2.7 Accordingly, on [24 May 2016](#) Committee noted the intention to undertake feasibility work and, with working groups at both schools, develop a long-term strategy for the Trinity/Victoria area. This report provides details of the outcomes from that work and seeks approval for a statutory consultation beginning at the end of January 2017.
- 2.8 At its meeting in May Committee also approved that designs be developed for new stand-alone extensions to Liberton and Trinity Primary Schools for delivery by 2017/18 to address capacity pressures. This paper provides an update on the development of the new accommodation proposed for Liberton Primary School. The requirement for new accommodation at Trinity Primary School has been incorporated into the broader strategy for the area and is addressed in detail later in this report.
- 2.9 This report also provides an update on the internal reconfiguration works which Committee approved for progression at Bruntsfield and St Margaret's Primary Schools and the feasibility work approved for progression at Corstorphine and Newcraighall Primary Schools. An update is also provided on the accommodation challenges at Stockbridge Primary School and the approaches being adopted to address the issues at this school.

### **Secondary Schools**

- 2.10 The immediate pressure continues to be on the primary sector with the total pupil roll in the secondary sector having experienced only minor growth on previous years. However, the projections set out in the Vision for Lifelong Learning report do suggest that 2016 will be the start of an upward trend and it is anticipated that the future housing developments proposed through the LDP which represent a challenge for the primary sector will also contribute to growth in the secondary sector.
- 2.11 A process of engagement with management teams in several secondary schools to consider a range of potential solutions to any future rising rolls which may arise is ongoing. However, the accommodation pressures at Boroughmuir High School and James Gillespie's High School are already apparent. While the catchment areas of these schools have not been significantly impacted by new housing developments, their popularity, demographic changes within their catchment areas and the expansion of Gaelic Medium Education (GME) at primary level have contributed to the mounting pressure indicated in the projections.
- 2.12 Accordingly, the "Gaelic Medium Education and Capacity at James Gillespie's and Boroughmuir High Schools" report to Education, Children and Families Committee on [24 May 2016](#) requested that Committee note the intention to take a report to a future meeting of the Education, Children and Families Committee seeking approval to undertake a statutory consultation to change the existing arrangements at both High Schools to address the capacity issues. The report advised that the focus of this consultation would most likely be a proposal to establish Darroch as a



permanent annexe of both James Gillespie's and Boroughmuir High Schools. This report provides an update on the work being undertaken to develop this proposal.

### 3. Main report

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#### **Demographic Context**

- 3.1 The Vision for Lifelong Learning paper which is a separate agenda item at this Committee sets out in detail the projected Primary and Secondary school rolls up to 2026 and the methodology by which these projections are produced.
- 3.2 In summary the projections suggest that the significant growth experienced in the primary sector since 2010 which was fuelled by growth in demand for P1 places will continue until 2026 but at a gradually decreasing rate as the P1 intakes stabilise at their present level. The higher P1 intakes experienced in 2010 will begin to roll into the secondary system and projections suggest that more significant growth in the secondary sector will begin to materialise from 2018.
- 3.3 However, long term projections should be viewed with caution. The National Records for Scotland's 2012 based projections for the City of Edinburgh Council area projected that births would increase each year to a peak of 6,000 in 2022 and be sustained at around that level thereafter. In fact, births peaked at just over 5,500 in 2012 – the highest in 20 years – and have fallen every year since, albeit marginally.
- 3.4 Furthermore it is also worth noting that a significant element of the population growth forecast by the NRS in future years will be from new communities on the outskirts of the city rather than from existing housing stock. This means that the levels of growth suggested at a citywide level may not be fully applicable to, for example, city centre catchment areas where development may be limited. Where city centre catchment areas have experienced significant growth we also need to consider the extent to which this might be sustained. Many of the more affluent city centre areas have a relatively stable population base – families moving to the area will be inclined to stay in that area for the duration of their child's primary and secondary education. Assuming this remains the case, it does suggest that opportunities for younger families to move into the area will be reduced.
- 3.5 For the reasons set out above it will be necessary to continue to monitor projections closely and consider any new data which becomes available such as actual births, revised NRS population projections and housing audit data. It is through this process of data monitoring and review and assessment of the individual circumstances under which schools operate that the requirement to provide new or expanded schools to meet the needs of a changing school age population will be identified. The Rising Rolls programme remains a key part of that strategy as it seeks to address the accommodation issues identified in the existing school estate and offers a means of bridging the gap between the current school estate and any new infrastructure built to cater for pupils generated by new developments.

### **The Primary School Rising Rolls Process**

- 3.6 The schools identified for inclusion in the Rising Rolls programme in the Primary Schools Rising Rolls Report to Committee on 24 May 2016 included a number of schools likely to face accommodation pressures in August 2017 and some in August 2018 or beyond. The latter were included in the May 2016 report due to the potential requirement for a statutory consultation process prior to P1 registrations in November 2017 or the necessity for a more complex design and build process.
- 3.7 At each school involved in the Rising Rolls programme a working group including Council officers, school staff, Parent Council representatives and, where required, members of a design team is established. These groups will consider all available solutions to the issues identified and continue to meet until the agreed solution has been delivered.

### **Primary School Accommodation to be Delivered for August 2017**

- 3.8 Committee approved that several accommodation solutions proposed in the Primary School Estate Rising Rolls report be progressed for delivery in August 2017 subject to the final decision regarding the necessity for such provision being delegated to the Director of Children and Families (now Executive Director of Communities and Families) to be taken in January 2017 (or earlier if appropriate) upon assessment of pupil registration figures. Committee also approved that feasibility studies be undertaken at a number of schools including some where the accommodation solution is likely to be required for 2018. Since May through the feasibility work undertaken and in consultation with the working groups at each school the proposals have been updated. A summary of the status of the projects being undertaken at each school is provided in Appendix 1.
- 3.9 Based on the updates in Appendix 1 the projects at Bruntsfield, Liberton, Corstorphine and St Margaret's RC Primary Schools have continued to be progressed and where necessary planning applications have been submitted. Approval to progress the project at Bruntsfield and delegated authority to approve the project at Liberton was provided at the Education, Children and Families Committee in May 2016. It is therefore now recommended that the projects at Corstorphine and St Margaret's RC primary schools are approved for delivery.

### **Long-term Strategy for Victoria and Trinity Primary Schools**

- 3.10 The Education, Children and Families Committee on 24 May 2016 approved that the feasibility work undertaken and referred to in Appendix 1 would be used to inform a single Trinity and Victoria Primary Schools working group which would develop a long-term strategy for the Trinity and Victoria area. The joint working group met in early September to consider a range of potential solutions including annexes, new schools, catchment changes and expansion on existing school sites. Through this process it was agreed that three potential solutions should be presented to a wider forum at each school to allow a greater spectrum of views to be considered. Accordingly, workshops were held at Trinity Primary School and Victoria Primary School on Tuesday 25 October 2016 and Wednesday 26 October

2016 respectively. A summary of the solutions considered, the discussions held and the conclusions drawn by officers at these workshops are considered in Appendix 2.

- 3.11 In summary, it was clear that there was overwhelming support among the 90+ parents and carers who attended either workshop for the relocation of Victoria Primary School from its existing site to a new building in the Western Harbour.
- 3.12 School Estate Planning Officers believe that this is the best long-term strategic approach to meeting the infrastructure demands arising from new and proposed communities. Accordingly, it is recommended a full statutory consultation based on this option (beginning at the end of January 2017) is progressed with a view to returning a consultation outcomes and recommendations report to Committee in June 2017.
- 3.13 As this solution involves a site safeguarded for school development in the Local Development Plan, the funding implications of this proposal will be reported to the Finance and Resources Committee as part of the Local Development Plan Action Programme update in January 2017.

### **Primary Schools - Future Accommodation Pressures**

- 3.14 The next annual process to identify any further primary schools potentially facing future accommodation pressure to meet catchment demand will now be progressed. The initial stage of the process involves detailed analysis of the initial P1 registration numbers for August 2017 and the most recent roll projections to identify those schools where accommodation pressures may be experienced in relation to the projected P1 intake for August 2018.
- 3.15 For any school where a rising rolls issue is identified, there will be a range of potential solutions to be considered. The options include catchment review; changing the use of existing space within the building; reconfiguration of internal space; the creation of annexes and the provision of new build extension accommodation on the existing school site.
- 3.16 The identification of schools which are considered to have a risk of possible future accommodation pressure to meet catchment demand will be progressed and the outcome reported to Committee on 7 March 2017. Working groups would then be established with each school to consider options to address the possible future accommodation pressure with the preferred solution for each school being reported to a future Committee.

### **Rising Rolls in Secondary Schools**

- 3.17 As is demonstrated by the projections in the Vision for Lifelong Learning report it is anticipated that the secondary school estate will start to experience more significant rising rolls from 2018.
- 3.18 Due to the scale of the increase in rolls which has been experienced in the primary sector feeding through to the secondary sector it is inevitable that additional accommodation will ultimately be required at some secondary schools. In addition,

as part of the Local Development Plan review of required infrastructure a requirement for a new secondary school in the west of the city has been identified as well as extensions to several other schools across the city.

- 3.19 The secondary schools which will initially face rising rolls issues and where proposals for a shared annexe are being developed to address accommodation pressures are Boroughmuir High School and James Gillespie's High School. The proposal is considered in greater detail in the section that follows.
- 3.20 The School Estate Planning team will continue to meet with secondary schools where rolls are projected to cause accommodation pressures to discuss means by which this pressure may be met. This process will continue during 2017 and the outcomes will be reported to future Committee meetings as necessary.

### **Boroughmuir High School and James Gillespie's High School**

- 3.21 The "[Gaelic Medium Education and Capacity at James Gillespie's and Boroughmuir High Schools](#)" report to Education, Children and Families Committee on 24 May 2016 requested that Committee note the intention to take a report to a future meeting of the Education, Children and Families Committee seeking approval to undertake a statutory consultation to change the existing arrangements at James Gillespie's High School and Boroughmuir High School to address the capacity issue at the school.
- 3.22 The report highlighted that the Darroch building would not be suitable as a stand-alone secondary school for GME due to the small size of the site which would limit the available capacity; a significant shortfall in the extent of necessary accommodation and the compromises which would have to be made in terms of room sizes. Furthermore, the use of Darroch as a dedicated GME facility would remove the opportunity to address capacity issues at both James Gillespie's High School and Boroughmuir High School through the use of the building as a shared annexe.
- 3.23 The revised secondary projections in the Vision for Lifelong Learning report illustrate that both schools are already under pressure and will both have breached their capacity by 2020. However, the pressure on Boroughmuir will be most acute with significant growth in the S1 intakes required forecast from 2017.
- 3.24 Hub South East Scotland was commissioned to undertake a detailed study of the Darroch building as part of a Strategic Services package. This has identified that the cost of bringing Darroch up to an acceptable standard for use as a permanent teaching facility appropriate to meet the needs of a contemporary learning and teaching environment would be approximately £7.2m. This cost has not previously been included in the Rising Rolls budget and the implications of this are set out in section 5 of this report.
- 3.25 Due to this significant cost implication further investigative work will be carried out to identify any lower cost alternatives to provide the necessary accommodation. However, it has to be noted the opportunities in the city centre area are limited and this cost may represent the best option. Therefore it is prudent to include the

expected cost in the rising rolls financial forecasts at this stage. Due to the necessity to develop and deliver a solution by August 2019 it is essential that a draft statutory consultation paper on establishing a permanent annexe for James Gillespie's High School and Boroughmuir High School is prepared and brought to Committee in March 2017. This paper will focus on the use of Darroch unless a lower cost acceptable option can be identified within that timeframe.

#### 4. Measures of success

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- 4.1 The delivery of accommodation solutions at any primary school identified as facing potential future accommodation pressures to ensure the capacity of the school is appropriate to meet the level of demand for places from its catchment population.
- 4.2 The delivery of any accommodation required to a design specification which fully meets all educational related requirements.
- 4.3 Delivery of the agreed projects on time, within budget and to the necessary quality.

#### 5. Financial impact

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##### Capital Expenditure

- 5.1 There is provision of £19.902m in the Capital Investment Programme to 2020/21 for the capital funding necessary to respond to the challenges arising from rising school rolls. Whilst the available funding will be sufficient to accommodate the majority of the anticipated capital funding requirements to August 2018 (excluding any further costs to deliver the additional capacity which may be required at Stockbridge Primary School) if the period is extended to 2020/21 and the costs of the first secondary Rising Rolls project at James Gillespie's High School and Boroughmuir High School are included, the funding requirements increase to an estimated £30.467m.
- 5.2 It should be noted that this forecast does **not** include any costs to create any additional capacity which *may* be required at Stockbridge Primary School or to meet the funding gap between contributions from developers and the cost of providing a new school on the Western Harbour site the funding implications for which will be reported to the Finance and Resources Committee as part of the regular Local Development Plan Action Programme update.
- 5.3 This forecast also excludes any costs associated with providing a new school in the south Edinburgh area which remains an unfunded cost of £12.737m in the Capital Investment Programme 2016-2021 as reported to Council on 21 January 2016 in the "Capital Investment Programme/Plan 2016/17 to 2023/24 - referral report from the Finance and Resources Committee" as part of the budget setting process. It is recommended that this projected now be reconsidered for inclusion through the budget setting process in January 2017.
- 5.4 The forecast costs also do not include provision for any works which may be required at Newcraighall Primary School or St Margaret's RC Primary School as it is assumed they would be funded from developer contributions.

- 5.5 The latest cost projection represents a funding deficit of £10.565m for which additional resources will need to be identified in future capital budgets. This funding would be required over a three year period - £1.5m in 2017-18; £6m in 2018-19 and; £3.065m in 2019-20.
- 5.6 The likelihood of additional capital funding being required to address rising rolls in both the primary and secondary school estates was identified in the report to Council on [21 January 2016](#) regarding the Capital Investment Programme.

### **Revenue Costs**

- 5.7 Providing additional accommodation will, in the majority of cases, result in an increase in the size of the establishment and, in turn, an increase in the associated revenue property costs e.g. rates, utilities and cleaning. All such costs will require to be funded from future revenue budgets as, and when, necessary.
- 5.8 The necessity for additional funding to be identified to meet these costs was incorporated in the review of anticipated demographic pressures in Communities and Families services which was undertaken earlier this year as reported to the Finance and Resources Committee on 24 September 2015. On 4 June 2015, the Finance and Resources Committee approved that additional demography funding of £2.1m be provided to Communities and Families within which £0.091m related to the property costs associated with rising rolls. This additional funding has been transferred to Property and Facilities Management with whom responsibility for all property budgets now lies.
- 5.9 The estimated cost of running a statutory consultation is in the region of £4000 to £5000. These costs are met from existing revenue budgets.

### **Loans Charges**

- 5.10 There is currently provision of £19.902m in the Communities and Families Capital Investment Programme to 2020/21 for the capital funding necessary to respond to the challenges arising from rising school rolls.
- 5.11 If this expenditure were to be funded fully by borrowing, the overall loan charges associated with this expenditure over a 20 year period would be a principal amount of £19.902m and interest of £13.239m, resulting in a total cost of £33.141m based on a loans fund interest rate of 5.2%. The annual loan charges would be £1.657m.
- 5.12 This report identifies that the capital funding necessary to respond to the challenges arising from rising school rolls may increase to £30.467m. If this expenditure were to be funded fully by borrowing, the overall loan charges associated with this expenditure over a 20 year period would be a principal amount of £30.467m and interest of £20.266m, resulting in a total cost of £50,733m based on a loans fund interest rate of 5.2%. The annual loan charges would be £2.537m.
- 5.13 It should be noted that the Council's Capital Investment Programme is funded through a combination of General Capital Grant from the Scottish Government, developers and third party contributions, capital receipts and borrowing. The borrowing required is carried out in line with the Council's approved Treasury

Management Strategy and is provided for on an overall programme basis rather than for individual capital projects. Following instruction from Members, notional loan charge estimates have been provided above, which it should be noted are based on the assumption of borrowing in full for this capital project.

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

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- 6.1 All Communities and Families capital projects are delivered in line with the Council's Risk Management Policy and Framework. Ensuring sufficient accommodation for catchment pupils to secure a place at their catchment school is the key objective of the primary school Rising Rolls programme and there is a significant reputational risk to the Council if this is not achieved.
- 6.2 The primary school Rising Rolls programme is overseen by an Investment Steering Group which operates based on the project management principles of Prince 2 following the same governance structure as all other Council major projects including the delivery of new schools. The consideration and management of risk is undertaken through this group.
- 6.3 The contractors delivering the accommodation will operate in accordance with all relevant legislative and health and safety requirements and have community engagement policies. The school community will be kept informed of any issues that arise during the construction process which again mitigates against the risk of criticism of the Council in relation to these high profile and visible projects.
- 6.4 The engagement of Hub South East Scotland Ltd for delivery of the new build accommodation reduces the risk of project delay as procurement timescales are reduced and provides a considerable degree of cost certainty by establishing affordability caps prior to the finalisation of contracts.
- 6.5 The proposal to relocate Victoria Primary School to a new building in the Western Harbour would also address the Council policy to ensure the suitability of the school estate through the provision of fit for purpose facilities. However, until the necessary capital and revenue funding has been identified and approved, there is a substantial risk to the delivery of this project, regardless of the consultation outcome.

## **7. Equalities impact**

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- 7.1 There are no negative equality or human rights impacts arising from this report.
- 7.2 By offering additional capacity at local schools the Council is responding to parental choice and endeavouring to offer all catchment pupils from all equalities groups the opportunity to attend their catchment school. The Council will continue to ensure that the needs of pupils who have a disability are met by the accommodation available at the schools affected by these proposals. The provision of facilities offered to school users with learning and behavioural support needs will be unaffected.

- 7.3 Accordingly, these proposals have no significant impact on any equalities groups and provide greater opportunities for catchment pupils to attend their catchment school. For these reasons, the overall equalities relevance score is 1 (out of a possible 9) and a full Equalities Impact Assessment is not required.

## 8. Sustainability impact

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- 8.1 This project would see the addition of new classrooms across the City however it would create additional accommodation at local schools so that children can access their catchment school. Accordingly it should ensure that travel to school patterns are minimised.
- 8.2 Whilst the proposal in this paper for a new Victoria Primary School would see the creation of a new building, this would be to meet the objective of providing fit for purpose accommodation which meets present and future demand. Any new building would be designed to minimise the impact on carbon emissions and energy consumption.

## 9. Consultation and engagement

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- 9.1 Where necessary, working groups involving school staff and parent council representatives were established at schools to consider the analysis previously undertaken and agree the proposed accommodation solution or the actions required to identify a solution. Meetings with each working group have already taken place.
- 9.2 The working group at each school will continue to allow the design team and officers from Communities and Families to work with the school and parent representatives to progress the delivery of the proposed solution including identification of the suitable location for any new accommodation which ultimately has to be delivered and its detailed design. Information events will also be arranged for the wider school communities as and when required.
- 9.3 Where a statutory consultation process is required this will be undertaken according to the procedures set out in the Schools (Consultation) (Scotland) Act 2010 as amended by the Children and Young People (Scotland) Act 2014.

## 10. Background reading/external references

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- 10.1 There have been 11 previous reports to the Education, Children and Families Committee regarding the issue of rising school rolls on [9 October 2012](#); [8 October 2013](#); [10 December 2013](#); [4 March 2014](#); [20 May 2014](#); [9 December 2014](#); [3 March 2015](#); [19 May 2015](#); [8 December 2015](#); [1 March 2016](#) and [24 May 2016](#).

### **Alastair Gaw**

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## 11. Links

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<b>Coalition Pledges</b>	P4 - Draw up a long-term strategic plan to tackle both over-crowding and under use in schools
<b>Council Priorities</b>	CP1 – Children and young people fulfil their potential CP12 – A built environment to match our ambition
<b>Single Outcome Agreement</b>	SO3 - Edinburgh's children and young people enjoy their childhood and fulfil their potential
<b>Appendices</b>	1 Trinity and Victoria Primary School Workshops – Summary of Discussions 2 Trinity and Victoria Primary Schools - Long Term Accommodation Strategy Considerations and Options 3 Draft Consultation Document

**Update on Rising Rolls projects for 2017 and 2018*****Bruntsfield Primary School****Background*

- 1.1 A feasibility study undertaken in 2014 identified several options to increase the classroom capacity of the school. The Education, Children and Families Committee on 24 May 2016 approved that internal reconfiguration works be undertaken at Bruntsfield Primary School to provide increased classroom provision for August 2017.

*Project Update*

- 1.2 The internal reconfiguration works will be commissioned prior to the school's Christmas break and will be completed over the summer break in 2017.

***Corstorphine Primary School****Background*

- 1.3 The Education, Children and Families Committee on 24 May 2016 approved that a feasibility study be commissioned regarding Corstorphine Primary School to assess the viability of sub-dividing the existing dining hall.

*Project Update*

- 1.4 The feasibility work undertaken was completed by Hub South East Scotland as part of a Strategic Services package. The work has identified that sub-dividing the existing dining hall may be achieved within the required timescales and, in combination with some minor reorganisation of school accommodation, will offer the school the potential to accommodate up to 21 classes.
- 1.5 The working group considered carefully the timing of the works to the hall as the contractor has advised that the works could not be completed within the summer holidays alone.
- 1.6 As a new nursery and a playground improvements project will be under construction on the school site in the period from November 2016 to April 2017, undertaking the sub-division of the hall, which would commence at the end of March 2017 will mean that the school will be accommodating two separate construction projects for a short period. However, rather than delay the classroom works until after the summer break in 2017 or delay until the following year and lose a General Purpose space during that period, the school management team and parent representatives felt that they would rather all work was completed by August 2017. Accordingly, development of the project has been accelerated to fit with the proposed construction timescales.

***Liberton Primary School****Background*

- 1.7 The Education, Children and Families Committee on 24 May 2016 approved the delivery at Liberton Primary School for August 2017 of four new classrooms (addressing suitability issues associated with a lack of hall space)

*Project Update:*

- 1.8 A working group involving Council officers, school staff, Parent Council representatives and members of the design team have been meeting over the last seven months to establish the location and progress the detailed design of the proposed accommodation.
- 1.9 A planning application for the proposed new building was submitted at the end of October 2016. This timescale ensures that, when a decision is made in January 2017 (based on the registration figures for August 2017 P1 intakes) regarding whether or not the accommodation will require to be delivered, it can be progressed immediately thereafter to ensure it is completed and ready for occupation by August 2017.
- 1.10 In advance of the submission of the planning application an information evening was held at the school on 13 October 2016 for parents and carers. This was arranged to coincide with a parents and carers evening at the school. At this session a display of the final layouts and designs of the proposed building was set up and members of the working group were on hand to answer any questions arising.

***St Margaret's RC Primary School***

*Background*

- 1.11 The Education, Children and Families Committee on 24 May 2016 approved that internal reconfiguration works be undertaken at St Margaret's RC Primary School to provide increased classroom provision for August 2017.

*Project Update*

- 1.12 The report to Committee in May 2016 advised that due to development in the area developer contributions are available for improvements at St Margaret's RC Primary School. As the school's single hall is particularly small and provides both gym and dining functions the report in May proposed that the developer contribution funding received and the additional funding to be made available through the developments proposed as part of the Local Development Plan be applied towards the cost of providing a new hall for the school.
- 1.13 Through the feasibility work undertaken at the school with the working group it was identified that provision of a new hall together with some minor internal reconfiguration would allow the school to accommodate projected demand in August 2017 without progressing the more significant internal reconfiguration it was previously anticipated would be required. Accordingly, the focus of the project undertaken with the working group has shifted from the design of additional classroom space to the design and delivery of a new gym hall.

- 1.14 A planning application for the proposed gym hall was submitted at the end of October 2016. In advance of the submission of the planning application an information evening was held at the school on 12 October 2016 for parents and carers. At this session a display of the final layouts and designs of the proposed building was set up and members of the working group were on hand to answer any questions arising. The designs are still on display at the school.
- 1.15 Analysis continues to suggest that St Margaret's RC Primary School will require a further classroom space – possibly by August 2018 – and the working group will be reconvened in the near future to consider how this may best be achieved. The extended timescales for the delivery of this additional classroom space which will also be funded from developers contributions does allow the working group to consider options in greater detail and presents opportunities to undertake a more holistic view of how new accommodation may enhance the learning and teaching experience at the school.

### **Primary School Accommodation to be Delivered for August 2018 and beyond**

- 1.16 The following schools were identified as having an accommodation issue which required resolution for August 2018. They were reported in the May 2016 paper due to the anticipated complexity of the likely solutions or because the solutions may require that a statutory consultation be undertaken to allow their implementation:

#### ***Stockbridge Primary School***

##### *Background*

- 1.17 At the Education, Children and Families Committee on 24 May 2016 no recommendations regarding Stockbridge Primary School were made, however, the report advised that feasibility work undertaken in 2013 would be refreshed and updated and other options would be explored and developed as necessary ahead of a meeting with working group members in August 2016 to agree the solution(s) to be progressed.

##### *Project Update*

- 1.18 A full review of the building options considered viable is currently being undertaken by Hub South East Scotland as part of a Strategic Services package. Engagement with the working group has identified a preference for a compact new build solution on the school site. However, due to the significant site constraints the deliverability of this option remains in question and more design and site investigation work is required before this may be progressed with any degree of certainty and the approval of the working group.
- 1.19 The requirement for catchment change has not been excluded and the development of the former Royal Bank of Scotland building on Dundas Street may make this a necessity. Accordingly, it is possible that an update to Committee in March 2017 may seek both approval for onsite expansion and permission to

undertake a statutory consultation proposing a catchment change ahead of P1 registrations in November 2017.

### ***Trinity Primary School and Victoria Primary School***

#### ***Background***

- 1.20 At its meeting on 24 May 2016 the Education, Children and Families Committee approved:
- i. the detailed development of new accommodation at Trinity Primary School subject to the final decision regarding the necessity for such provision being delegated to the Executive Director of Communities and Families to be taken in January 2018 (or earlier if necessary) upon assessment of pupil registration figures and the long-term accommodation solutions identified through any formal or informal consultation processes.
  - ii. that feasibility studies be commissioned regarding Victoria Primary School and the former Fort Primary School building to identify the potential additional capacity which may be achieved in the Trinity/Victoria area.
- 1.21 Committee also noted the intention to use the completed feasibility studies to inform a single Trinity and Victoria Primary Schools working group to develop a long-term strategy for the Trinity/Victoria area and report the proposed approach to Committee in October 2016.

#### ***Project Update***

- 1.22 Following the approval of the Education, Children and Families Committee's on 24 May 2016 to develop a detailed design for new accommodation at Trinity Primary School, the working group met to consider the location and design of a new two classroom building on the Trinity Primary School site. However, it was identified that the school would have sufficient capacity to support demand for P1 places in August 2017. Accordingly, the decision was taken to freeze the design of the new building until next year when the requirement for the new classes for August 2018 will be reassessed in light of the actual P1 intake in August 2017 and P1 registrations for August 2018. It was also considered that this approach would mean that the requirement for the delivery of new accommodation at Trinity Primary School could be considered as part of the longer term strategy for the Trinity and Victoria area.
- 1.23 The May Committee also approved that feasibility work at Victoria Primary School and the former Fort Primary School be progressed to identify the potential additional capacity that may be achieved through the use of these buildings and the outcomes from this work may be summarised as follows:

#### ***The former Fort Primary School building***

- 1.24 It would be possible to provide 8 additional classrooms in the Trinity/Victoria area by August 2018 at the former Fort Primary School. The full refurbishment of the space currently occupied by the Communities and Families and Social Work office staff would be in-depth and would cost approximately £3.8m.

- 1.25 The majority of the work undertaken would be focused on the replacement rather than the repair or adaptation of existing installations to create the right environment for classroom accommodation. For example, new windows would be provided throughout to allow the adoption of a natural ventilation strategy more appropriate for a new primary school. However, in addition to the above a number of architectural and structural changes would be made:
- A new entrance lobby and admin block extension would provide a more visible and welcoming entrance shared between the school and the Community Centre which would remain in its present location;
  - The existing kitchen would be opened up to the dining area and a new kitchen/servery provided;
  - New external doors would be formed in those classrooms currently without direct access to the playground.
- 1.26 The feasibility study also confirmed that it would be possible to construct a new classroom block on the field adjacent to the existing building. This would allow the school accommodation to extend beyond double stream without the requirement to relocate the Early Years Centre. However, the construction of a new block on the existing site would reduce the available outdoor space. Assuming the former Fort site were to accommodate 16 classes it is estimated that this would equate to approximately 7.3m<sup>2</sup> per pupil of outdoor space – making it more generous than primary schools such as Towerbank, Leith or Bruntsfield but still placing it among the lowest m<sup>2</sup> per pupil of outdoor space in the city.

*Victoria Primary School*

- 1.27 The feasibility work undertaken at Victoria Primary School has identified that it would be possible to extend the school by a further two classes. The solution developed by the working group involved the construction of a new dining area at the rear of the school with the existing dining spaces reverting to their former use as classrooms. The cost of this extension is estimated to be £1.2m.
- 1.28 However, the feasibility study also identified a number of significant risks associated with construction in the identified area. Foremost among these risks is the requirement to undertake major works to divert Scottish Water assets located within the school site and neighbouring properties. A provisional sum has been included within the feasibility cost for this work, but this sum could vary considerably dependent on the outcome of the detailed discussions that would be required with Scottish Water and the requirement for legal agreements between the Council and the owners of neighbouring properties. This process of engagement with Scottish Water and other land owners could also have a significant impact on the project programme, putting into doubt delivery by August 2018.
- 1.29 There were, however, more fundamental issues with a proposal to expand Victoria Primary School raised by the working group. The pressure which an expanded pupil roll at Victoria Primary School would place on supporting accommodation such as the playground, which would be further reduced by an extension; the small

gym, the width of the corridors and stairs and the lack of space for an increasing staffing complement caused concern. School Estate Planning Officers share these concerns which principally relate to the impact an increased roll would have on the suitability of the school and as a result would not recommend that Victoria Primary School be permanently extended beyond its existing classroom provision within its existing site.

## **Trinity and Victoria Primary Schools**

### **Long Term Accommodation Strategy Considerations and Options**

*Informal Consultation Workshops: Trinity Primary School: Tuesday 25 October 2016;  
Victoria Primary School: Wednesday 26 October 2016*

#### **Background and Context**

- 1.1 Victoria Primary School is projected to breach its available classroom capacity in August 2018. The continuing development of the Western Harbour will increase this pressure. The impact of new housing in the area through the Local Development Plan will, if it comes forward as presently proposed, place considerable pressure on Trinity Primary School which is already operating at capacity and may require to be extended in the short-term.
- 1.2 Workshops were held at Trinity Primary School on Tuesday 25 October 2016 and at Victoria Primary School on Wednesday 26 October 2016 to engage the wider parent forum at each school in the process of developing options to address the accommodations issues identified at the two schools as part of a long-term strategy.
- 1.3 The workshops took the form of a presentation (see Appendix 1) of three potential solutions to accommodation issues identified at both schools followed by small group discussions of the solutions and any alternatives that attendees felt should be considered. Three of the four small groups formed at Victoria Primary School were facilitated by officers from the Council's School Estate Planning Team and one was facilitated by the school's Head Teacher. Two of the group discussions at Trinity Primary School were facilitated by officers from the Council's School Estate Planning Team, one was facilitated by the school's Head Teacher and three further groups were facilitated by representatives from the school's Parent Council. The Council's Acting School Estate Planning Manager who delivered the initial presentation joined all groups for short periods of time.
- 1.4 Approximately 60 parents or carers attended the workshop at Trinity Primary School while the workshop at Victoria Primary School was attended by approximately 30 parents or carers. Those attending were invited by the Parent Councils at each school and there was good representation across the school catchment areas.

<p><b>Solution 1(a) – Relocate Victoria to a New School Building in the Western Harbour (double stream with expansion potential) + catchment change</b></p>
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#### *Solution Overview*

- 1.5 A new school building would be constructed on a site made available by developers in the Western Harbour. Victoria Primary School would relocate to this new building. A catchment review would be undertaken to realign the North Leith area of Trinity Primary School's catchment with Victoria Primary School, thus realigning any new development in this area with the new Victoria Primary School which would be built with an expansion strategy, should it ultimately be required.



### *Summary of Feedback Received*

#### **1.6 This solution was identified as the preferred solution of most groups although at Victoria there was strong support for solution 1(b) which would limit the school to double stream.**

- Groups identified the following positive points for this solution:
  - It is the least disruptive option with little change for Trinity;;
  - It takes account of the strong sense of community in Newhaven by locating the new school close to the existing;
  - It does not alter the good demographic mix within either school;
  - A new school would be a positive thing for the whole community;
  - In the long-run a new building will offer cost efficiencies;
  - It will allow the existing Childcare arrangements (including After School Club) at Fort Early Years Centre to continue;
  - A new school has been identified for the area for a long time and this solution fulfils that promise;
  - It provides a good distance between the schools;
  - The new school would have good cycle links;
  - A new school would offer good space and new facilities;
  - The new school would be next to a park and so benefit from easy access to green spaces;
  - Community facilities could be considered as part of the new school design.
- Groups identified the following negative points for this solution:
  - What will happen to the existing Victoria Primary School building?
  - Concerns were raised that the new school would not be big enough.
  - While only a small number of people would be affected by the catchment change – would a sibling guarantee be provided?
  - The lack of a temporary solution at Victoria until the new school is delivered.
- Groups made the following suggestions/observations specific to this solution:
  - Could the catchment change be greater to avoid the requirement to extend Trinity in the short-term?
  - Could the Anchor building at the existing Victoria site become a nursery?
  - Trinity Primary School should be expanded into Victoria park as part of the short-term expansion.
  - Fort building could provide a short-term solution for Victoria until the new building is completed.

<b>Solution 1(b) – Relocate Victoria to a New School Building in the Western Harbour (double stream) + Trinity permanent annexe at former Fort building</b>
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*Solution Overview*

- 1.7 A new school building would be constructed on a site made available by developers in the Western Harbour. Victoria Primary School would relocate to this new building. If new development in the North Leith area were to cause accommodation pressures at the school, an annexe of Trinity Primary School would be formed at the former Fort Primary School.

*Summary of Feedback Received*

- 1.8 ***This solution is similar to the 1(b) but requires that pressure from future housing in the North Leith area be accommodated through the establishment of a permanent annexe of Trinity rather than catchment change and expansion of the new Victoria. This option was preferred by many at Victoria but there were concerns at both workshops that it would be problematic with particular concern and uncertainty about what the formation of an annexe would mean for Trinity Primary School.***

- Groups identified the following positive points for this solution:
  - [Many of the positive points for Solution 1(a) apply]
  - No catchment change – everyone assured current school;
- Groups identified the following negative points for this solution:
  - An annexe at Trinity Primary would be against the school's ethos of togetherness;
  - The formation of an annexe at Trinity may mean no investment in the existing Trinity Primary School building;
  - The logistics of managing an annexe, drop-off and pick-up for parents, etc. would be difficult;
  - Trinity would become a very large school.
- Groups made the following suggestions/observations specific to this solution:
  - Trinity could learn from the experience of South Morningside if an annexe solution were to be progressed;
  - Could the annexe also include a nursery for Trinity Primary?
  - Could the Anchor building at the existing Victoria site become a nursery?
  - The former Fort Primary School building could provide a short-term solution for Victoria until the new building is completed.

## **Solution 2 – Relocate Victoria to the former Fort Primary School Building**

### *Solution Overview*

- 1.9 The former Fort Primary School would be extended and refurbished with the Early Years Centre and Community Centre retained. Victoria Primary School would relocate to the former Fort Primary School building. The catchment areas of Victoria Primary School and Trinity Primary School would be changed so that all areas of Trinity's catchment east of the former Fort Primary School would be realigned with Victoria Primary School. The western section of Victoria's catchment would be realigned with Trinity. If new development in the North Leith area were to cause accommodation pressures at the school, the former Fort Primary School would be extended further or the Early Years Centre may be relocated.

### *Summary of Feedback Received*

- 1.10 **This solution received little support and it was felt was particularly bad for Victoria Primary School. In particular concerns were raised about the imbalance this would create in the social mix at the schools and the available space on the former Fort Primary School site.**

- Groups identified the following positive points for this solution:
  - A smaller Trinity Primary School roll;
- Groups identified the following negative points for this solution:
  - The proposal would be socially damaging – reference should be made to the Scottish Index of Multiple Deprivation map.
  - Trinity would become too large;
  - There were concerns the Fort building was too old with high maintenance costs;
  - There were concerns that the Fort would be a poor educational environment;
  - There were concerns that this solution would result in longer distances to school;
  - Concerns were expressed that the Early Years Centre would be affected by the disruption;
  - The expansion proposed on the Fort site would result in the loss of too much outdoor space;
  - There would be very limited space for expansion;
  - Victoria would experience a loss of local identity;
  - Newhaven would lose the heart of its community;
  - The distribution of the population between the schools would be uneven;
  - The high numbers of pupils accessing the former Fort site would present road safety/transport issues;

- The former Fort building is poorly located with limited green space around.
- There would be considerable catchment change involved – would a sibling guarantee be possible given the numbers affected?
- Groups made the following suggestions/observations specific to this solution:
  - If it were progressed the strategy should be to rebuild the Early Years Centre on the Western Harbour site allowing expansion on the Fort site without losing outdoor space.

## **Proposal to relocate Victoria Primary School to a new building in the Western Harbour**

Affecting Victoria Primary School, Trinity Primary School, Holy Cross RC Primary School, St Thomas of Aquin's RC High School and Trinity Academy

### **1 Introduction**

1.1 This consultation paper sets out the rationale for, and implications of, relocating Victoria Primary School to a new site in the Western Harbour and undertaking a catchment change with Trinity Primary School to address accommodation issues in the Trinity and Victoria areas. This paper also proposes the realignment of the appropriate primary and secondary non-denominational and Roman Catholic school boundaries to incorporate the sections of the Western Harbour area currently not contained within any catchment area. The paper also sets out the consultation process and the means and timescales for making representations.

1.2 The consultation paper is divided into the following sections:

1. Introduction
2. Background and Context
3. Roll Projections, Catchment Data and Capacity Analysis
4. Details of the Proposal - relocating Victoria Primary School to a new site in the Western Harbour
5. Financial Considerations
6. Indicative Construction Timescales
7. Consultation Process

#### **Appendices**

1. Response Questionnaire
2. List of Affected Addresses
3. Trinity and Victoria Primary Schools: Existing Catchment Areas, School Locations and Pupil Population Densities Current School Catchments
4. Proposed Catchment Changes Affecting Victoria Primary School and Trinity Primary School
5. Proposed Catchment Changes Affecting Holy Cross RC Primary School, and St Thomas of Aquin's RC High School
6. Proposed Catchment Changes Affecting Trinity Academy

7. Travel Routes from North Leith Area to Trinity Primary and New School Site
  8. Travel Routes from West Victoria Catchment Area to Existing Victoria Primary School Site and New School Site
  9. Inspection, Attainment and Achievement Information for Trinity Primary School and Victoria Primary School
- 1.3 Comments on the proposals should be submitted by no later than close of business on Friday, 17 March 2017 by email or post to the addresses set out in Section 11 of this paper. A response questionnaire is provided for this purpose which respondents are encouraged to use, details are included in Appendix 1 and which can also be completed online via the Council website [www.edinburgh.gov.uk/newvictoria](http://www.edinburgh.gov.uk/newvictoria)
- 1.4 Two public meetings will be held as follows, further details of which are provided in section 11:

Venue	Date	Time
Victoria Primary School	tbc	tbc
Trinity Primary School	tbc	tbc

## 2 Background and Context

- 2.1 On 13 December 2016 the Education, Children and Families Committee approved that a consultation be undertaken regarding the proposed relocation of Victoria Primary School to a new building in the Western Harbour area. The Committee also approved that the consultation propose the realignment of Victoria Primary School's catchment area to incorporate a section of Trinity Primary School's catchment and sections of the Western Harbour which are currently not within any school catchment area. Committee also approved that consultation include proposals to realign the catchment areas of Holy Cross Primary School, St Thomas of Aquin's RC High School and Trinity Academy to include all areas of the Western Harbour.
- 2.2 Trinity Primary School and Victoria Primary School were identified as schools facing potential accommodation pressures for August 2017 and August 2018 respectively in the "Primary School Estate Rising Rolls" report to Education, Children and Families Committee on 24 May 2016. The report noted that while both schools faced pressures in the short-term from their existing catchment populations, the continuing development of the Western Harbour site would place a significant future pressure on Victoria Primary School while long-term proposals through the Local Development Plan for new residential development in the North Leith area around Forth Ports and the Scottish Executive building may represent a significant future pressure on Trinity Primary School's accommodation.

- 2.3 The Council's over-riding priority is to ensure that it can meet its commitment to ensuring that places are available for all pupils to attend their local catchment school should they wish to do so. The issue of rising primary school rolls in the City has been, and remains, a significant challenge but is one which the Council is committed to addressing and has been doing so successfully for several years through its primary school rising rolls programme.
- 2.4 Through the establishment of stakeholder working groups and a consultative process with parents and school communities this programme has, in the past three years (including delivery of new accommodation for August 2016), delivered extensions to provide additional classrooms at 17 primary schools with additional accommodation also being created at several other primary schools by adapting existing buildings.
- 2.5 Since the closure of Fort Primary School in 2010 Trinity Primary School has experienced growth as double stream year stages have been replaced by up to three stream P1 intakes. This pattern necessitated the construction of four new classrooms at the school through the Council's first Rising Rolls project in August 2013. This first project also identified that a second phase may be necessary in future years and a site at the rear of the school was identified for further expansion should it be required. While P1 intakes at Trinity Primary School have generally been steady the P1 intake experienced in 2016 suggested that the school may struggle to accommodate demand from all catchment P1 pupils in August 2017.
- 2.6 It has since been identified that Trinity Primary School will not require additional accommodation for August 2017, however, short-term projections suggest that the requirement for this additional accommodation remains finely balanced and this will continue to be reviewed on an annual basis. In the long-term, however; the potential accommodation pressures represented by the proposed development of the North Leith area represent a significant future pressure on Trinity Primary School's accommodation beyond that which even the current expansion proposals could accommodate.
- 2.7 Victoria Primary School was also identified through the first Rising Rolls project as a school facing accommodation pressures. A new four classroom building was constructed on the school site in August 2014. However, the degree to which the school could be expanded was limited and it was recognised that the continuing expansion of the Western Harbour area would cause pressure for places at Victoria Primary School to escalate. It is now projected that the school will breach its classroom capacity in August 2018.
- 2.8 Accordingly, the Education, Children and Families Committee on 24 May 2016 approved an approach which would consider the accommodation pressures at both of these schools in a holistic manner. Working groups consisting of school staff, parent representatives and officers from the Council's School Estate Planning Team were established at each school to consider solutions and identify a preferred way forward.

- 2.9 The working groups considered a range of potential solutions which were informed by the feasibility work undertaken to identify the potential additional capacity which may be achieved through the extension of the Victoria Primary School building and through the creation of school accommodation in the former Fort Primary School building. In addition to extension of both existing primary schools and the creation of additional capacity at the former Fort Primary School site, the working groups also considered the potential offered by the site identified for a new school in the Western Harbour. Provision for a proposed new school site was made in the section 75 agreement with Forth Ports in 2002 and was subsequently part of the original masterplan for the Western Harbour development.
- 2.10 The working groups at Trinity Primary School and Victoria Primary School agreed that three potential solutions should be the focus of discussion at workshops arranged at Trinity Primary School on 25 October 2016 and at Victoria Primary School on 26 October 2016. The two workshops were attended by approximately 90 parents/carers in total who represented a cross section of parents/carers (selected by the Parent Councils) at each school. Attendees were invited to discuss the three options presented and identify any possible alternatives.
- 2.11 As a result of the work undertaken by the working groups at each school and following the feedback received through the workshops only one viable option to address the long-term accommodation issues in the Victoria and Trinity areas has been identified: the relocation of Victoria Primary School to a new building in the Western Harbour area, undertaking the necessary catchment change.

### **Site Considerations**

- 2.12 The school site, provision for which was made in the section 75 agreement with Forth Ports in 2002 and which was subsequently part of the original masterplan for the Western Harbour development, is located adjacent to Windrush Drive in the Western Harbour.
- 2.13 The size of site for any new (or replacement) school is prescribed in the School Premises (General Requirements and Standards) (Scotland) Regulations 1967 and the 1973 and 1979 amendments to those regulations. For a new double stream (or greater) primary school with capacity for a further 40 pupils in the nursery, the total site size should be 1.9 hectares comprising two elements for which the appropriate sizes are defined separately:
- A main school site on which the actual school buildings are located of not less than 1.3 hectares (of which 0.1 hectares relates to the nursery); and
  - An area for playing fields of not less than 0.6 hectares.
- 2.14 The identified school site in the Western Harbour is 1.2 hectares which is equal to the minimum specified requirement for a main new school site without provision of a nursery. In certain circumstances a smaller site area for either element can be provided with the consent of the Scottish Government subject to



it being agreed that it would be impractical or unreasonable to apply the standards within the legislation.

- 2.15 The proposed site is considered sufficient to provide an appropriate environment for a new primary school. Victoria Primary School currently offers no nursery provision; however, with the introduction of legislation placing a requirement on authorities to expand early years provision, it is considered necessary for a new school building to offer nursery places. As the provision of nursery facilities on the proposed school site would mean that the minimum standards could not be applied, should the outcome of this statutory consultation process result in the proposal for a new primary school being progressed (and a larger site cannot be negotiated with the landowner) the consent of the Scottish Government would be required.
- 2.16 The regulations do not actually require that playing fields (or pitches) are adjacent to the actual school building but that they are available to the school i.e. could be elsewhere and off-site. In Edinburgh there are many schools where the maximum areas for playing fields are not met however the city complies with the regulations by virtue of the extensive alternative pitch provision which is available to schools throughout the city. Taking the area of such off-site facilities into consideration this would be the case which would apply regarding the proposed new primary school.
- 2.17 A new primary school would also, according to the existing masterplan of the site, be located adjacent to a significant area of parkland and it is anticipated that a new school would benefit significantly from access to this resource.

### **3 Roll Projections, Catchment Data and Capacity Analysis**

- 3.1 This section considers the historic, current and projected roll and catchment population data and the accommodation issues and other factors that have resulted in this consultation being undertaken and that have shaped the proposal set out in this paper.

#### **Area Overview**

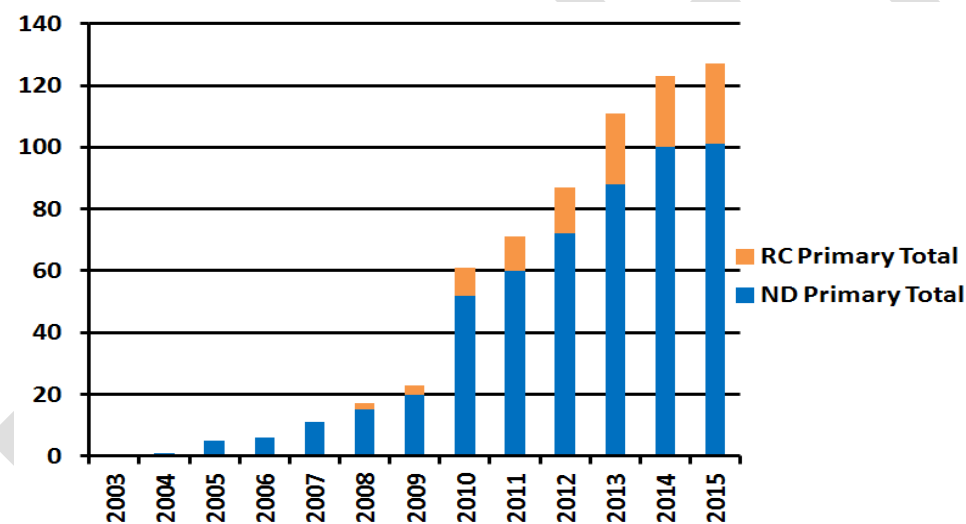
Victoria Primary School

- 3.2 Victoria Primary School is located in Newhaven in the north of the city and its catchment area encompasses Lower Granton Road in the west and the Western Harbour in the east. When the school was built in 1844 it was located only metres from the shore of the Forth at the end of the sea wall along Annfield. The development of the Western Harbour on land reclaimed from the waters of the Forth directly north of the school began to generate pupils in 2004 following the completion of the first residential properties in 2003. Since then demand for school places from this area of Victoria Primary School's catchment has increased steadily as new residential properties have been completed.

3.3 Areas in the northern and eastern sections of the Western Harbour development currently fall outside any non-denominational primary, RC primary, non-denominational secondary or RC secondary catchment boundaries. However, there are clear geographic reasons why, when placing pupils from this area, Victoria Primary School, Holy Cross RC Primary School, Trinity Academy and St Thomas of Aquin’s RC High School are considered the appropriate school provision.

3.4 While historically Victoria Primary School’s catchment population has been drawn from housing to the immediate south and west of the school the development of Western Harbour means that 55% of the current catchment population (incorporating those areas of Western Harbour currently outside the catchment boundary) now reside north of Lindsay Road in the Western Harbour area. Figure 1 (below) shows how the number of pupils generated from the Western Harbour development has grown since 2004.

**Figure 1: Primary Pupil Population in the Western Harbour area, 2002-2016**



3.5 Accordingly, the Western Harbour development means that in the past decade the community that Victoria Primary School serves has changed considerably both in terms of the number of pupils the school must accommodate and the geographical distribution of its catchment population.

Trinity Primary School

3.6 Trinity Primary School is located approximately 450m south of Victoria Primary School adjacent to Trinity Academy at the north end of Victoria Park. Its catchment area stretches from Warriston in the south west to Ocean Drive in the north east and incorporates what was the catchment area of the former Fort Primary School. Trinity’s proximity to Victoria Primary School means that there is a natural flow of pupils between the schools.

- 3.7 The closure of Fort Primary School in July 2010 necessitated the expansion of Trinity Primary School to 19 classes in August 2013. However, at that time it was recognised that a second phase of expansion may be required to allow Trinity Primary to accommodate a full three stream (21 class) intake.
- 3.8 However, there are several residential developments either progressing or proposed in Trinity Primary School's catchment area which represent the potential for significant growth in Trinity's catchment area. These include the site of the former Fort block of flats on North Fort Street/Portland Street, the area to the south of the catchment around West Bowling Green Street and, most notably, around North Leith and Leith Docks.

### Capacity and Growth

- 3.9 Table 1 (below) shows the current capacity and roll data for Trinity Primary School and Victoria primary school. However, it should be noted that generic capacity figures do not take account of a school's capacity for team teaching arrangements; a practice which is increasingly commonplace across the Council's primary school estate.

**Table 1: School Capacity, Class and Roll Data for August 2016**

School	Capacity	Roll (as of Sept 2016 census)	Estimated Occupancy Rate
Trinity Primary School	19 Classes (546 pupils)	18 Classes (527 pupils)	96.5%
Victoria Primary School	10 Classes (259 pupils)	10 Classes (254 pupils)	98.1%
<b>Area Total</b>	<b>29 Classes (805 pupils)</b>	<b>28 Classes (781 pupils)</b>	<b>97.0%</b>

- 3.10 While Table 1 suggests that space in both schools is limited it is the stage by stage breakdown of the 2016 school rolls in Table 2, particularly at Victoria Primary School, which begins to suggest developing capacity issues as smaller classes in upper stages are replaced by consistently larger intakes in the early stages:

**Table 2: Year Group Rolls at September 2016**

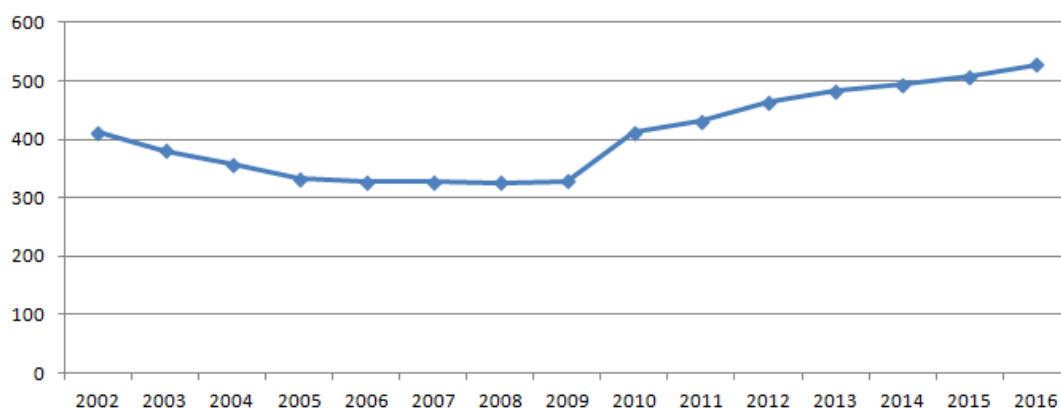
School	P1	P2	P3	P4	P5	P6	P7	Total
Trinity Primary School	84	72	89	76	78	64	64	527
Victoria Primary School	40	38	53	38	44	23	18	254
<b>Area Total</b>	<b>124</b>	<b>110</b>	<b>142</b>	<b>114</b>	<b>122</b>	<b>87</b>	<b>82</b>	<b>781</b>

## Trinity Primary School

### *Capacity and Growth*

- 3.11 Figure 2 (below) illustrates that the pupil roll at Trinity Primary School has increased steadily since the closure of Fort Primary School in 2010. The catchment area of Fort Primary School was realigned in full with Trinity Primary School and this has had the effect of replacing two stream year stages at Trinity Primary School with two-and-a-half to three stream stages since 2010.

**Figure 2: Trinity Primary School Roll, 2002 to 2016**



- 3.12 Classrooms at Trinity Primary School vary in size with the majority exceeding the estate optimum. The classrooms on the ground floor of the main building are particularly large. Fifteen of the classrooms are located within the main building along with two full classroom size general purpose spaces and a number of smaller spaces which cumulatively form an additional GP space. This level of GP provision is consistent with the Scottish Government's recommendations for a school of 19 classes. The remaining four classes are located in a new classroom building constructed during the first phase of the rising rolls process for August 2013. The school has a gym hall which is equivalent in size to a new build hall. The dining hall was recently extended as a final phase of the previous rising rolls project.
- 3.13 While P1 intakes in the past five years have been high at Trinity Primary School, between 2010 and 2015 an average of 14% of the intake has been from non-catchment pupils. Pupils from Victoria Primary School's catchment area form the largest element of this non-catchment cohort. Currently there are 30 pupils at Trinity Primary School who live in Victoria's catchment area. However, there are 34 pupils living in Trinity Primary School's catchment area currently attending Victoria. Accordingly, there is a negligible overall impact in terms of loss and gain between Trinity and Victoria Primary Schools.
- 3.14 In August 2016 there has been a shift in the patterns of attendance observed in the P1 intake at Trinity Primary School over the previous five years. The overall number of catchment pupils has increased from previous years and the percentage of catchment pupils choosing to attend the school increased from 83% in 2015 to 94% in 2016. The school roll projections set out in Table 3

(below) which are based on known birth data, housing estimates and National Records of Scotland population projections suggest that this is a spike. However, if this pattern were to be sustained, in the absence of a viable alternative approach, then it is likely that the delivery of the additional classrooms proposed through the Rising Rolls process would be necessary.

**Table 3: Trinity Primary School Roll Projections, 2016-2026**

School	School Capacity	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Trinity Primary School	546	527	535	547	537	534	519	519	509	514	531	561

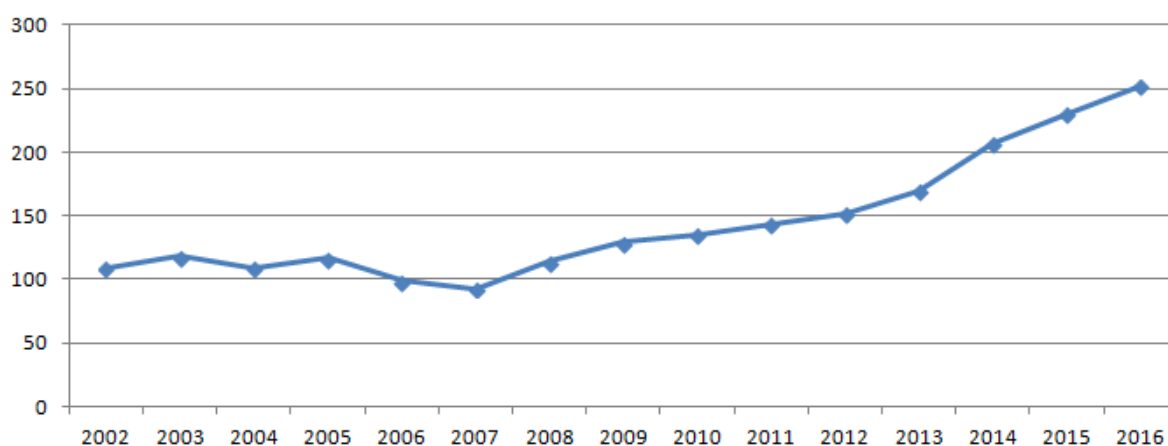
3.15 However, in the longer term the expansion of the school to a full three streams would not be sufficient if the development of more than 2,000 homes around North Leith and Leith Docks comes forward as currently proposed through the Local Development Plan. It is not anticipated that this development will come forward quickly and the projections in Table 3 assume only minor development in this area. Current forecasts assume that more significant pupil generation from this development area will occur beyond 2026 and, if developed as currently proposed, could increase Trinity Primary School's non-denominational catchment population by more than 200 pupils. The impact of this on Trinity Primary School would be the requirement to expand beyond its current 19 class capacity to between a 25 and 28 class capacity with an estimated roll of up to 800 pupils.

### **Victoria Primary School**

#### *Capacity and Growth*

3.16 Figure 3 (below) illustrates that the pupil roll at Victoria Primary School has increased steadily since 2007.

**Figure 3: Victoria Primary School Roll, 2002 to 2016**



3.17 Until 2012 when minor work was undertaken to allow Victoria Primary School to expand to a full single stream (7 class) organisation, the school operated with a 6 class capacity. In 2014 this increased to 10 classes following the completion

of the Rising Rolls classroom extension. The school has two GP spaces which is consistent with the Scottish Government’s recommendations for a school of 10 classes.

3.18 Classrooms at Victoria Primary School vary in size. The seven classrooms and one GP space within the main, Victorian building range from the smallest at 48m<sup>2</sup> to the largest at 76m<sup>2</sup>. The three classrooms and one GP space within the new building are all 60m<sup>2</sup>. Victoria Primary School’s gym hall is one of the smallest across the school estate. The school benefits from dedicated dining space, however, this is made up of two small former classroom areas, making it also one of the smallest dedicated dining areas across the school estate. Supporting spaces such as office space, the staff room and resources storage is very limited. Among City of Edinburgh primary schools exceeding a 7 class capacity, Victoria Primary School has the second smallest internal floor area.

3.19 The Victoria Primary School building is currently has a ‘B’ condition rating.

3.20 The Local Development Plan suggests that a further 1,850 flats and 11 houses remain to be constructed on the Western Harbour site. This is projected to generate up to 114 additional non-denominational primary school pupils the majority of whom would be resident in the area by 2030. The school roll projections below reflect this growth and suggest that Victoria Primary School will breach its current capacity in August 2017 with additional classroom space required by August 2018. Crucially, the projections suggest that the P1 intakes required by the school will be sustained at double stream in future years.

**Table 4: Victoria Primary School Roll Projections, 2016-2026**

School	School Capacity	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Victoria Primary School	259	254	287	318	326	335	329	339	347	349	352	356

## **4 Details of Proposal - relocating Victoria Primary School to a new site in the Western Harbour**

### **Proposal Overview**

4.1 The proposal is as follows:

- (i) Relocate Victoria Primary School to a new building in the Western Harbour.
- (ii) Undertake catchment change so that the proposed development area in North Leith which is currently in Trinity Primary School's catchment area is realigned with the new Victoria Primary School.
- (iii) Realign the catchment boundaries of Victoria Primary School, Holy Cross RC Primary School, Trinity Academy and St Thomas of Aquin's RC High School so that they include the sections of the Western Harbour area currently not contained within any catchment area.

### **4.2 Proposal Summary**

- A new double stream (14 class) primary school would be established on the identified site (see Appendix 4) in the Western Harbour.
- The new school would be built with an expansion strategy, allowing up to a further 8 classroom spaces to be built at a future stage, if this should ultimately prove necessary.
- All staff and pupils from Victoria Primary School would relocate to the new school building on its completion.
- The new Victoria Primary School would include a nursery.
- All areas of Trinity Primary School's catchment north of Lindsay Road and Commercial Street would become the catchment area of the new Victoria Primary school.
- The date from when the catchment change above would be effective is the school year at the start of which the new primary school could be completed and opened and is entirely dependent on when that happens; the pupil registration process would be progressed on that basis. The new Victoria Primary School would become the non-denominational catchment school for all P1 pupils living in the revised catchment area at the time of P1 registrations in the preceding November.
- The catchment areas of Victoria Primary School, Holy Cross RC Primary School, Trinity Academy and St Thomas of Aquin's RC High School would be adjusted to include the sections of the Western Harbour area currently not contained within any catchment area. These catchment changes are not predicated on the provision of a new Victoria Primary School and would be effective immediately following Council approval.
- The existing Victoria Primary School site would be subject to the Council's standard disposal process with any proposed alternative use by the Council subject to a separate consultation process.

- The proposal would involve the transfer of parts of the existing Trinity Primary School catchment area to the new Victoria Primary School catchment which introduces the potential issue of younger siblings of pupils currently in one primary school possibly being required to attend a different primary school from elder brother/sister in the future.
- The requirement for additional classroom space at Trinity Primary School would continue to be assessed through the Rising Rolls process.

### **Implications**

- 4.3 This section considers the implications and practicalities of implementing the proposal to relocate Victoria Primary School to a new building in the Western Harbour which would involve three main elements:
- (i) Relocate Victoria Primary School to a new building in the Western Harbour.
  - (ii) Undertake catchment change so that the proposed development area in North Leith which is currently in Trinity Primary School's catchment area is realigned with the new Victoria Primary School.
  - (iii) Realign the catchment boundaries of Victoria Primary School, Holy Cross RC Primary School, Trinity Academy and St Thomas of Aquin's RC High School so that they include the sections of the Western Harbour area currently not contained within any catchment area.

### **Relocating Victoria Primary School**

- 4.4 The site for a new primary school was agreed as part of the section 75 agreement with Forth Ports in 2003 and is shown in Appendix 4. The new school would be double stream (14 classes) with capacity for 420 primary pupils. However, it would be built in such a way that, if it were to be required, up to an additional eight classrooms could be constructed on the school site. The requirement for this additional classroom space would be monitored as part of the annual Rising Rolls Process.
- 4.5 Early discussions with Fort Ports suggest that the school site could be made available almost immediately and, subject to the availability of the capital and revenue funding required to progress the project it would be the intention to have the new primary school constructed and operational as soon as possible. It is estimated that the earliest date when a new primary school could be opened is August 2020 with the new school and nursery built over a single phase starting on site in August 2018.
- 4.6 A working group involving Council officers, an appointed design team, the school management and representatives from the Parent Council will be established and will meet at regular intervals to ensure the school community is fully informed and engaged throughout the process to design and deliver the new school. This process will also include consideration of traffic and transport implications for the area, the travel routes from more distant areas of the catchment and the impact of the design on neighbouring properties. It is anticipated that an informal consultation process will take place involving the



wider community to identify how the new school can most effectively serve both the developing Western Harbour and established Newhaven communities.

- 4.7 Pupil and staff engagement will be a significant element in this consultation and engagement process, both in terms of their role in the design of the new building and in identifying any additional support that will be required to facilitate the move to the new school building.

#### **Temporary Arrangements from August 2018**

- 4.8 The projections in section 3.20 suggest that Victoria Primary School will breach its classroom capacity in August 2018. Accordingly, it will be necessary to identify a temporary solution to the accommodation shortfall from August 2018 until such time as the new school is delivered. The working group established at Victoria Primary School to consider the longer term solutions will continue to meet to develop a temporary solution. Options which the group are likely to consider will include:

- more extensive use of team teaching;
- the loss of GP space during this period;
- provision of temporary accommodation on the school site;
- establishing temporary annexe accommodation.

#### **Proposed Catchment Changes – Victoria Primary School and Trinity Primary School**

- 4.9 The location of the school building, existing pupil flows, obvious geographical boundaries, public transport links and distances to and from a school are all factors taken into account when establishing new catchment boundaries. However, the principal driver is to ensure that the catchment populations for each of the schools affected are appropriate to their proposed capacity.
- 4.10 Projections currently suggest that Trinity Primary School will be able to meet future demand from its catchment population. Should demand exceed that projected as the August 2016 P1 intake suggests it could, the provision of the planned Rising Rolls building would address this. However, the development of North Leith area, as currently proposed in the Local Development Plan would cause Trinity Primary School's classroom capacity to be significantly exceeded. Accordingly, the catchment changes set out under this proposal would result in the significant development area in North Leith being realigned with a new Victoria Primary School built with a planned expansion strategy to cope with this additional pressure.
- 4.11 The area of Trinity Primary School's catchment which would be realigned with Victoria Primary School is shown in Appendix 4. In summary it encompasses all areas of Trinity Primary School's catchment north of Lindsay Road and Commercial Street. Details of the pupils population in this area at the time of the Primary School September census in 2016 are set out in Table 5 (below):

**Table 5: Analysis of Primary Pupil Population in North Leith Area Proposed for realignment with Victoria Primary School**

Total Primary Pupil Population (at Sept. 2016)	Total Attending a Non-denominational Primary School	Attending Trinity Primary School	Attending Victoria Primary School	Attending another Non-denominational Primary School
X	X	X	X	X

- 4.12 Appendix 6 shows the travel distances and routes between the North Leith area of Trinity Primary School’s catchment, Trinity Primary School and the site or the proposed new Victoria Primary School. It shows that the proposed catchment changes would not result in a significant difference in the travel distances pupils from this area are likely to experience. However, the frequent bus services along Commercial Street and Lindsay Road, including the number 10 bus which stops directly adjacent to the proposed school site in the Western Harbour mean that public transport routes from the North Leith area to the new school will be more convenient than those between North Leith and Trinity Primary School.
- 4.13 The date from when the catchment change would be effective is the school year at the start of which the new Victoria Primary School could be completed and opened and is entirely dependent on when that happens; the pupil registration process would be progressed on that basis. The new Victoria Primary School would become the non-denominational catchment school for all P1 pupils living in Victoria’s catchment area at the time of P1 registrations in the preceding November. Pupils living within the catchment area of Victoria Primary School when registrations opened in November would be expected to make a non-catchment placing request if they wished to attend a school other than Victoria Primary School.
- 4.14 The catchment change proposed is shown in Appendix 4. More detailed maps and lists of the addresses affected may be viewed on the Council website: [www.edinburgh.gov.uk/westernharbourschool](http://www.edinburgh.gov.uk/westernharbourschool).

**Proposed Catchment Changes – Formalising the Western Harbour Catchment Areas**

- 4.15 The Council’s school estates catchment boundaries do not incorporate some areas which may historically have contained no residential properties. The northern sections of the Western Harbour are one such area. Where an area falls outside catchment boundaries the pupil population is assigned a nearest appropriate school. In order to remove any ambiguity it is proposed that the opportunity be taken through this consultation process to formalise the non-denominational, Roman Catholic, primary and secondary catchment boundaries around the northern sections of the Western Harbour.
- 4.16 The nearest appropriate schools are as follows:

- Non-denominational Primary: Victoria Primary School;
- Roman Catholic Primary: Holy Cross RC Primary School;
- Non-denominational Secondary: Trinity Academy;
- Roman Catholic Secondary: St Thomas of Aquin's RC High School

4.17 It is proposed that the catchment boundaries of the schools above now be extended to include the northern sections of the Western Harbour. This proposal will not change roll projections or place pressure on these schools which they are not already experiencing or are forecast to experience as, in administrative terms, the pupils from this area are already considered to have the same status as catchment pupils. This proposal simply removes any ambiguity by formalising the catchment arrangements already effectively in place.

4.18 The above catchment changes are not predicated on the progression of any other part of the proposal in this paper and are already effectively applied. Accordingly, it is proposed that the changes would be applied ahead of the P1 registration process in November 2017.

4.19 The catchment changes proposed are shown in Appendix 5. More detailed maps and lists of the addresses affected may be viewed on the Council website: [www.edinburgh.gov.uk/westernharbourschool](http://www.edinburgh.gov.uk/westernharbourschool).

### **Early Years Provision**

4.20 The Scottish Government is committed to increasing the early learning and childcare entitlement to 1140 hours per year by 2020 and the Council is now reviewing its Early Years Estate to identify what measures may be required to meet current and projected demand. It is expected that some of this demand can be met by increasing hours of the existing facilities however it is likely that additional provision, such as the nursery proposed as part of the proposed new school, will be required.

4.21 Neither Trinity Primary School nor Victoria Primary School has a nursery. Early Years provision in the area is made through the Fort Early Years Centre.

4.22 The inclusion of a new nursery facility with a relocated Victoria Primary School would address demand for additional nursery capacity in the area and provide an opportunity for integrated learning across all Curriculum of Excellence levels. However, it would increase the cost of the new school and make Scottish Government approval of the school site necessary (see 2.16).

### **Educational Benefits of Option 1**

4.23 Under the proposal Victoria Primary School would relocate to a new school building in the Western Harbour. All of Victoria Primary School's existing primary classes and new nursery classes would be collocated on a single site within a purpose built facility. Victoria Primary School is highly regarded for the quality of the service it provides for children and families and the Council

believes that a new school building appropriate for a modern curriculum would enhance the learning and teaching environment for all pupils.

- 4.24 The Council considers that the principal educational advantage of the proposal is that it addresses the sufficiency and suitability issues at Victoria Primary School and provides a long-term strategy that will mitigate the risk of significant sufficiency issues in future years at Trinity Primary School.
- 4.25 The new school building would mean that pupils attending Victoria Primary School would have access to indoor and outdoor learning and play facilities which are flexible so that children could work together in large or smaller groups with access to state of the art ICT. Purpose-built physical education facilities would assist in the delivery of a better quality of two hours of PE as required by Scottish Government's Healthy Living Strategy.
- 4.26 The availability of a new, purpose built facility including a gym hall could also advantage the local community. The availability of parkland adjacent to the site of a new Victoria Primary School, as proposed in the current masterplan for the Western Harbour, would present an opportunity for the school to deliver an enhanced sports curriculum and benefit from access to extended green space.
- 4.27 The provision of purpose built dining facilities would improve the dining experience and allow for greater flexibility in the timetabling of General Purpose spaces.
- 4.28 The principal educational disadvantage of the proposal is that it proposes wholesale changes to a school which is already performing well and is highly regarded within its community.
- 4.29 The educational advantage of realigning the catchment boundaries of Holy Cross RC Primary School, Trinity Academy and St Thomas of Aquin's RC High School is that it will provide parents and siblings with certainty about their catchment status and confirm their treatment through the placement process as catchment pupils.

### **Community Issues**

- 4.30 Victoria Primary School is a focal point within the community it serves. However, there has been a significant demographic shift in the area and the provision of a new school in the Western Harbour provides an opportunity to consider how a new school building may best serve both the established and developing areas of the school community. This will be considered as part of the scoping and design process with the views of the community sought through an informal consultation process.

## **5 Transport**

- 5.1 The proposed new school site is located directly adjacent to Windrush Drive, directly opposite the David Lloyd Leisure Centre. The current masterplan for the area does not indicate from where it is anticipated the site would be

accessed. This will be designed and developed to suit the layout of the school and with consideration to existing and future road layouts.

- 5.2 A review of the transport infrastructure in place and the infrastructure that will be required to service the new school site will be considered as a part of the design process.
- 5.3 The new school design would provide for staff and visitor parking on the school site. However, it is not Council policy to specifically provide drop-off zones for parents and carers.
- 5.4 The proposed catchment area of the new school would incorporate the North Leith sections of Trinity Primary School's catchment area. Appendix 7 illustrates little difference in the travel distances and routes between the North Leith area of Trinity Primary School's catchment, Trinity Primary School and the site of the proposed new Victoria Primary School.
- 5.5 Frequent bus services along Commercial Street and Lindsay Road, including the number 10 bus which stops directly adjacent to the proposed school site in the Western Harbour mean that public transport routes from the North Leith area to the new school will be more convenient than those between North Leith and Trinity Primary School.
- 5.6 The Victoria Primary School catchment area is relatively small and, as more than 55% of the catchment population will be living within the Western Harbour area, the proposal will reduce the distance the majority of pupils are required to travel to their catchment school. For those pupils residing in other areas of Victoria's catchment there will be an increase in the distance they are required to travel to school. This is illustrated by the example of the relative travel distances from Lower Granton Road shown in Appendix 8. The size of the existing school catchment area means that the distances travelled are all within acceptable travel limits. If this proposal is progressed, the Road Safety team will be engaged to ensure that Victoria Primary School's Green Travel Plan and the Safer Routes analysis is updated to reflect the change.
- 5.7 In summary, the proposal will ensure that the majority of pupils from existing areas and in the developments proposed will be able to access their school via public transportation with the majority of the catchment population within walking distance of it. This is likely to make it easier to encourage pupils and parents or carers to walk, cycle or scoot to school.

## **6 Financial Considerations**

### **Capital Costs**

- 6.1 A construction cost estimate, based on the Scottish Future Trust metric for new primary schools, shows an indicative capital cost of £1m for a 14 class school and 40/40 nursery. This includes an estimated cost of site acquisition, servicing

and remediation, but does not take account of future cost inflation beyond Q1 2015.

**Table 6: Capital Cost Summary**

	<b>£'000</b>
Capital Construction (based on Q1 2015 prices)	11,300
Site Acquisition	£0
Site Servicing and Remediation	3,070
Temporary Provision at Victoria	tbc
Disposal proceeds (existing Victoria PS)*	800
<b>Estimated Total Capital Costs</b>	<b>13,570</b>

\* assumes redevelopment for residential use and favourable ground conditions.

### Revenue Costs

- 6.2 The additional revenue costs associated with a new school would be met through current demography funding. While it would be a new building, it would replace an existing establishment; therefore, there is no gain in terms of the number of primary school across the school estate. Accordingly, there are no additional revenue costs associated with additional management, teaching and non-teaching staff positions which would be required regardless of the new building.
- 6.3 The maintenance burden for the new building is likely to be low in the short to medium term but would increase over time. These costs would be offset against the savings made through the disposal of the existing Victoria Primary School building. This is illustrated in Table 7 (below) which includes an estimated average annual repairs spend based on the Council's previous experience of new school buildings.

**Table 7: Revenue Cost Summary (to be completed)**

	Existing Victoria Primary School Building Costs (£'000)	Estimated New Building Costs (£'000)
Rates & Services		
Utilities		
Repairs & Maintenance		
<b>Premises Cost Total</b>		

### Funding

- 6.4 The financial implications of the adopted LDP Action Programme, which includes the proposed Western Harbour school, were reported to the Finance

and Resources Committee in January 2017. This report identified the risks associated with securing developer's contributions for LDP education infrastructure and requested that the initial budgets required to progress this new school project are established in the Capital Investment Programme through the Council's budget setting process in 2017.

- 6.5 If, on completion of the consultation, it is agreed by Council that the new school should progress, the identification and approval of the required additional capital and revenue funding would require to be established by Council as part of budget processes in order for the school to be delivered by August 2020.
- 6.6 A market valuation estimate suggests that a capital receipt of £0.8m could be achieved through the sale of the existing Victoria Primary School site which could be set against the capital costs of the project.
- 6.7 Any capital costs associated with the provision of a temporary solution at Victoria Primary School until such time as the new school is delivered will be considered as part of the option developed with the working group at Victoria Primary School. The funding for this temporary arrangement will be met through the Council's Rising Rolls budget.

## 7 Indicative Construction Timescales

- 7.1 The timescales for the delivery of the new Victoria Primary School are entirely dependent upon the necessary funding being approved and provided to deliver the project.
- 7.2 Table 8 (below) sets out the indicative construction timescales which would apply based on an assumed date of initiation following conclusion of the consultation and Council approval to progress being granted at the full Council Meeting in June 2017. These timescales assume, and are subject to funding for the project also being identified prior to the conclusion of the consultation.

**Table 8: Indicative Construction Timescales**

Conclusion of consultation and approval of Option to be progressed	June 2017
Appoint Design Team	+3 months

Design Development to RIBA Stage 2	+3 months
Design Development to RIBA Stage 3 (submit for Planning)	+3 months
Design Development to RIBA Stage 4 and completion of planning	+4 months
Complete construction contract tender process and award contract	+5 months
Construction Completion	+15 months
<b>Estimated Opening Date</b>	<b>August 2020</b>

## 8 Consultation Process

8.1 The Schools (Consultation) (Scotland) Act 2010, as amended by the Children and Young People (Scotland) Act 2014, sets out the statutory consultation requirements for:

- The establishment of a new school;
- The relocation of a stage of education;
- Changes to existing admission arrangements (such as catchment change); and
- The closure of a stage of education.

8.2 The prescribed consultees vary for each of the above, however, the requirements for a closure encompass all the necessary consultees and it is this process that will be followed to ensure full compliance with all the requirements of the Act. Accordingly, consultees will be as follows (where relevant):

- the Parent Council of any affected school;
- the parents of the pupils at any affected school;
- the parents of any children expected to attend any affected school within two years of the date of publication of the proposal paper;
- the pupils at any affected school (in so far as the education authority considers them to be of a suitable age and maturity);
- the staff (teaching and other) at any affected school;
- any trade union which appears to the education authority to be representative of the staff (teaching and other) at any affected school;
- the community councils (if any);
- the Roman Catholic Church;



- any other education authority that the education authority considers relevant;
- any other users of any affected school that the education authority considers relevant.

8.3 The extent of the consultation with pupils at the affected schools and the appropriate means of engaging with those pupils will be discussed in detail with each school's management team.

8.4 The consultation period will run for a 6 week period from Monday 30 January 2017 to Friday 17 March 2017 and the paper will be made available electronically and in paper format and copies will be available for inspection at the Council Offices at Waverley Court, Central Library, Leith Library and at the schools affected by the proposals.

8.5 Two public meetings will be held in respect of the proposals at the venues listed below which will give interested parties a more formal opportunity to express their views. Representatives of the Council will be present at the meetings to outline the proposals, assist discussions and answer questions. Free childcare and/or translation services can be provided at each public meeting if requests for these services are made to (0131) 469 3161 no later than **[Insert Date]**. A record of each public meeting will be taken by the Council.

Venue	Date	Time
Victoria Primary School	tbc	tbc
Trinity Primary School	tbc	tbc

8.6 All comments received will be recorded and represented in the final report regarding the outcomes of the consultation, along with the Council's response to those comments. Individual responses will not be provided to submissions made during the consultation. However, if common themes emerge from submissions, the Council will prepare a Frequently Asked Questions paper and publish it on the Council website during the consultation.

8.7 The Council website will contain information on the consultation and this will be updated as necessary [www.edinburgh.gov.uk/newvictoria](http://www.edinburgh.gov.uk/newvictoria)

8.8 During the consultation period, any views on this proposal should be sent to in writing to the following address:

Alistair Gaw  
 Executive Director of Communities and Families  
 City of Edinburgh Council  
 Council Headquarters  
 Waverley Court  
 Level 1:2  
 4 East Market Street  
 Edinburgh EH8 8BG

- 8.9 Respondents are encouraged to use the response questionnaire which has been produced and is provided in Appendix 1. The response questionnaire can also be completed online at [www.edinburgh.gov.uk/newvictoria](http://www.edinburgh.gov.uk/newvictoria) Responses can also be made by e-mail to the following address [cf.propertyreview@edinburgh.gov.uk](mailto:cf.propertyreview@edinburgh.gov.uk). All responses, whether by letter, e-mail or using the online questionnaire should be received by no later than close of business on Friday, 17 March 2017.
- 8.10 Once the public consultation phase finishes, details of the representations received will be issued to Education Scotland for their consideration of the educational effects of the proposals. Education Scotland will issue a report on their findings which will be included in the final Council report on the consultation.
- 8.11 Following the conclusion of the consultation period and after consideration of the representations received and the views of Education Scotland on the educational benefits of the proposal, a report on the Outcomes of the Consultation will be presented to the Council for consideration. The report will be made publicly available and notification will be given to those individuals or groups that have made representations during the consultation period. The report will include a summary of written representations received during the consultation period and representations made at the public meeting along with the Council response to representations made and also to any issues raised by Education Scotland.
- 8.12 It is anticipated that the consultation report, setting out recommendations, will be presented to a Meeting of the Council on [Insert Date]. It is expected that the report will be published no later than [Insert Date] being the required three weeks in advance of it being considered by the Council.

## APPENDIX 1 – Response Questionnaire

### Statutory Consultation on Proposal to relocate Victoria Primary School to a new building in the Western Harbour

#### Introduction

It is proposed that Victoria Primary School be relocated to a new school site in the Western Harbour and that a catchment change be undertaken with Trinity Primary School to address accommodation issues in the Trinity and Victoria areas.

It is also proposed that the catchment boundaries of Victoria Primary School, Holy Cross RC Primary School, Trinity Academy and St Thomas of Aquin's RC High School be realigned so that they include the sections of the Western Harbour area currently not contained within any catchment area.

You can read the background to the consultation in the report to the Council's Education, Children and Families Committee to on 13 December 2016.

The full details of all the proposals are available in the statutory consultation paper which you should read before completing this questionnaire. The statutory consultation paper is available online at [www.edinburgh.gov.uk/newvictoria](http://www.edinburgh.gov.uk/newvictoria) and copies are available in the affected schools and local libraries.

#### Why we are consulting?

The Council has a legal obligation to carry out a statutory consultation under the Schools (Consultation) (Scotland) Act 2010 as amended by the Children and Young People (Scotland) Act 2014. The proposals put forward will have implications for families and we want to hear the views of anyone affected by the proposals. All comments made during the statutory consultation period will be recorded and represented in a final report anticipated to be considered by Council on **[Insert Date]**.

This questionnaire should be completed and returned by no later than 5pm on **[Insert Date]**. All personal information in the questionnaire is for internal use only and will not be made public however the responses to questions 6 and 7 may be reflected either in whole, or in part, in the report to Council but on an anonymised basis. The questionnaire can be completed online at the following link [www.edinburgh.gov.uk/newvictoria](http://www.edinburgh.gov.uk/newvictoria) or can be completed in the following pages and returned to the following address:

Alastair Gaw  
Acting Executive Director of Communities and Families  
City of Edinburgh Council  
Council Headquarters  
Waverley Court  
Level 1:2, 4 East Market Street  
Edinburgh EH8 8BG

Responses can also be made in writing to the address above or by e-mail to the following address [cf.propertyreview@edinburgh.gov.uk](mailto:cf.propertyreview@edinburgh.gov.uk).

## Questionnaire

### **Question 1**

What is your name?

Name

### **Question 2**

What is your email address? (Optional)

Email

### **Question 3**

What is your postcode?

Postcode

### **Question 4**

What is your main interest in the consultation?

*Please select (tick) all items that apply:*

- Parent/Carer of school child
- Parent/Carer of school child with younger sibling/s
- Parent/Carer of pre-school child
- School Staff
- Pupil
- Local resident
- Local organisation
- Other

If you are answering on behalf of an organisation, or for other reasons, please explain below.

**Question 5**

Do you have a child or children in a primary school or nursery classes at the moment?

*Please select (tick) only one item.*

No

Yes

If yes please tell us the name(s) of their school or nursery classes.

Trinity Primary School

Fort Early Years Centre

Victoria Primary School

Other Primary School (please specify below)

Other Nursery Classes (please specify below)

**Question 6**

Having considered the proposal as detailed in the statutory consultation paper do you have any comments or suggestions?

Comments or suggestions can also be emailed to [cf.propertyreview@edinburgh.gov.uk](mailto:cf.propertyreview@edinburgh.gov.uk). *[Check]*

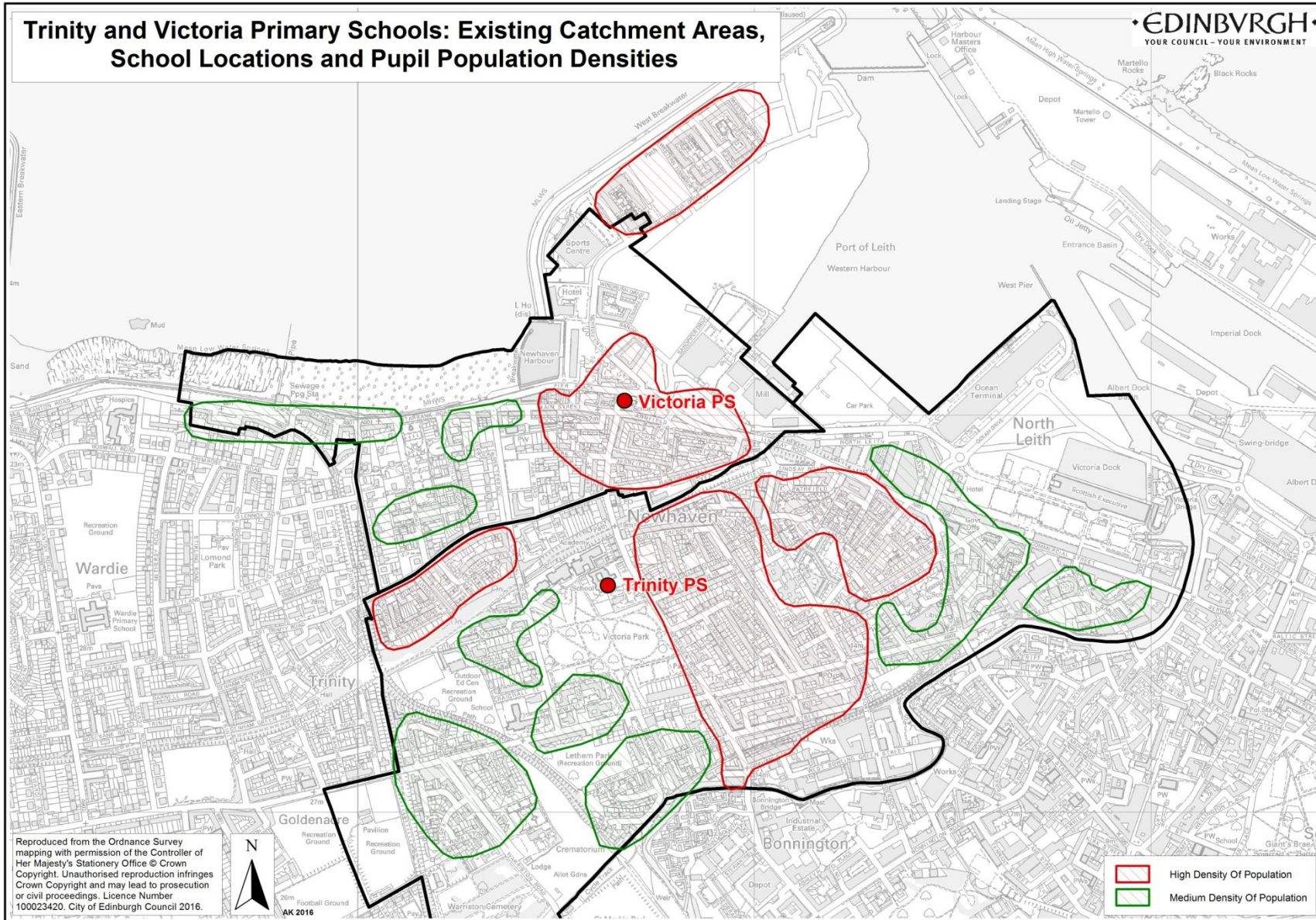
## APPENDIX 2 - List of affected addresses

**(to be completed)**

DRAFT

# APPENDIX 3

## Trinity and Victoria Primary Schools: Existing Catchment Areas, School Locations and Pupil Population Densities



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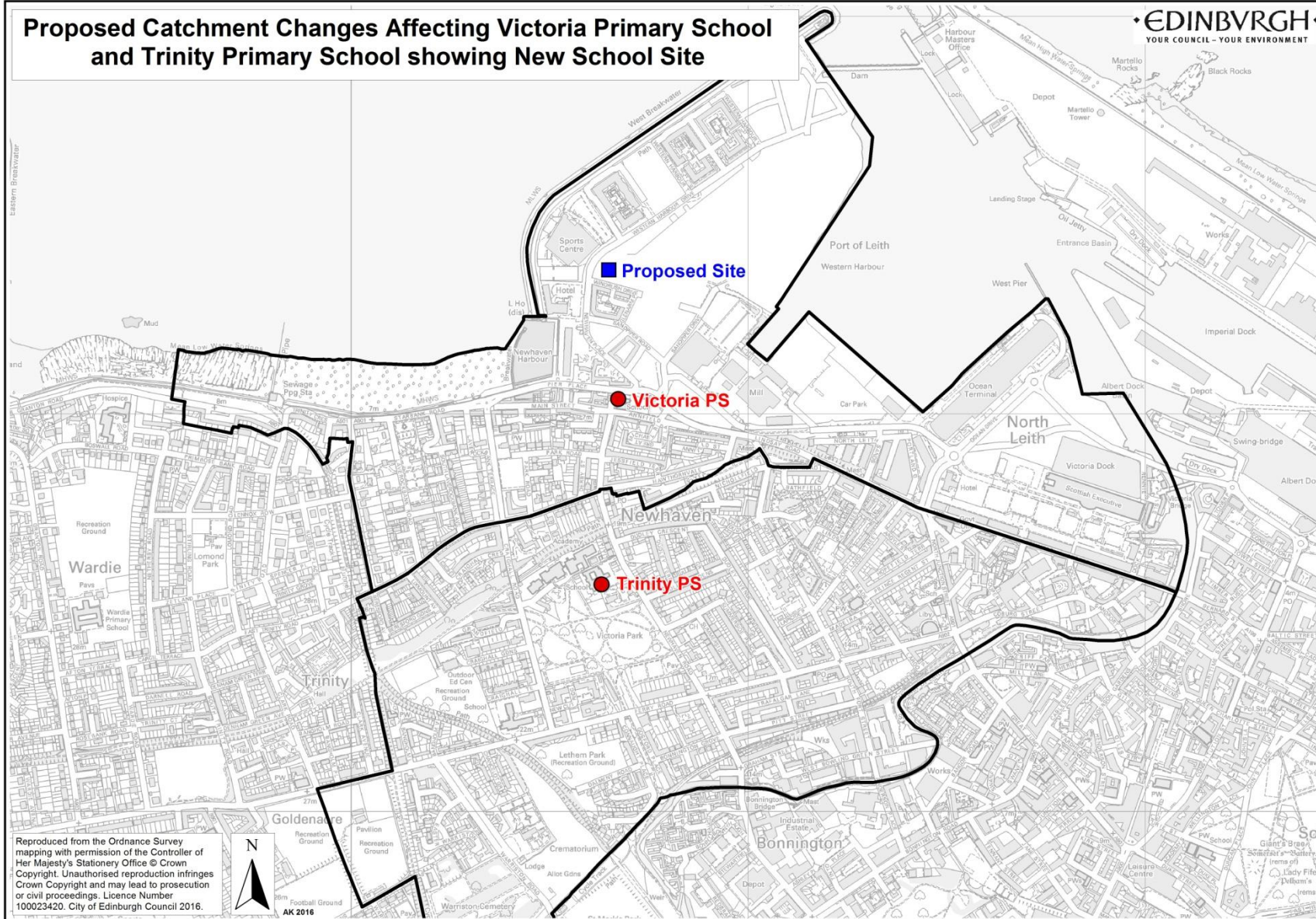


- High Density Of Population
- Medium Density Of Population

# APPENDIX 4

## Proposed Catchment Changes Affecting Victoria Primary School and Trinity Primary School showing New School Site

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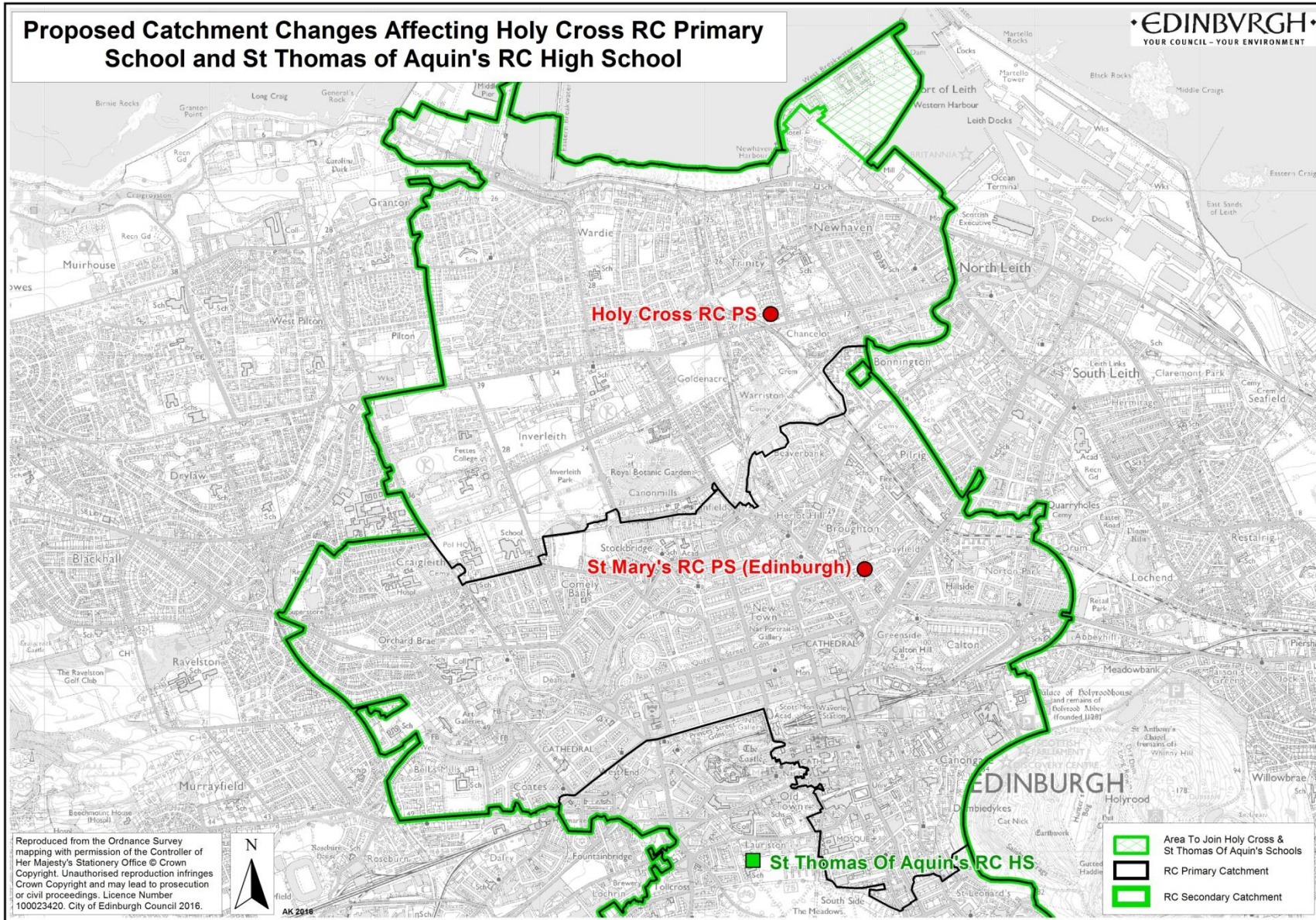




# APPENDIX 5

## Proposed Catchment Changes Affecting Holy Cross RC Primary School and St Thomas of Aquin's RC High School

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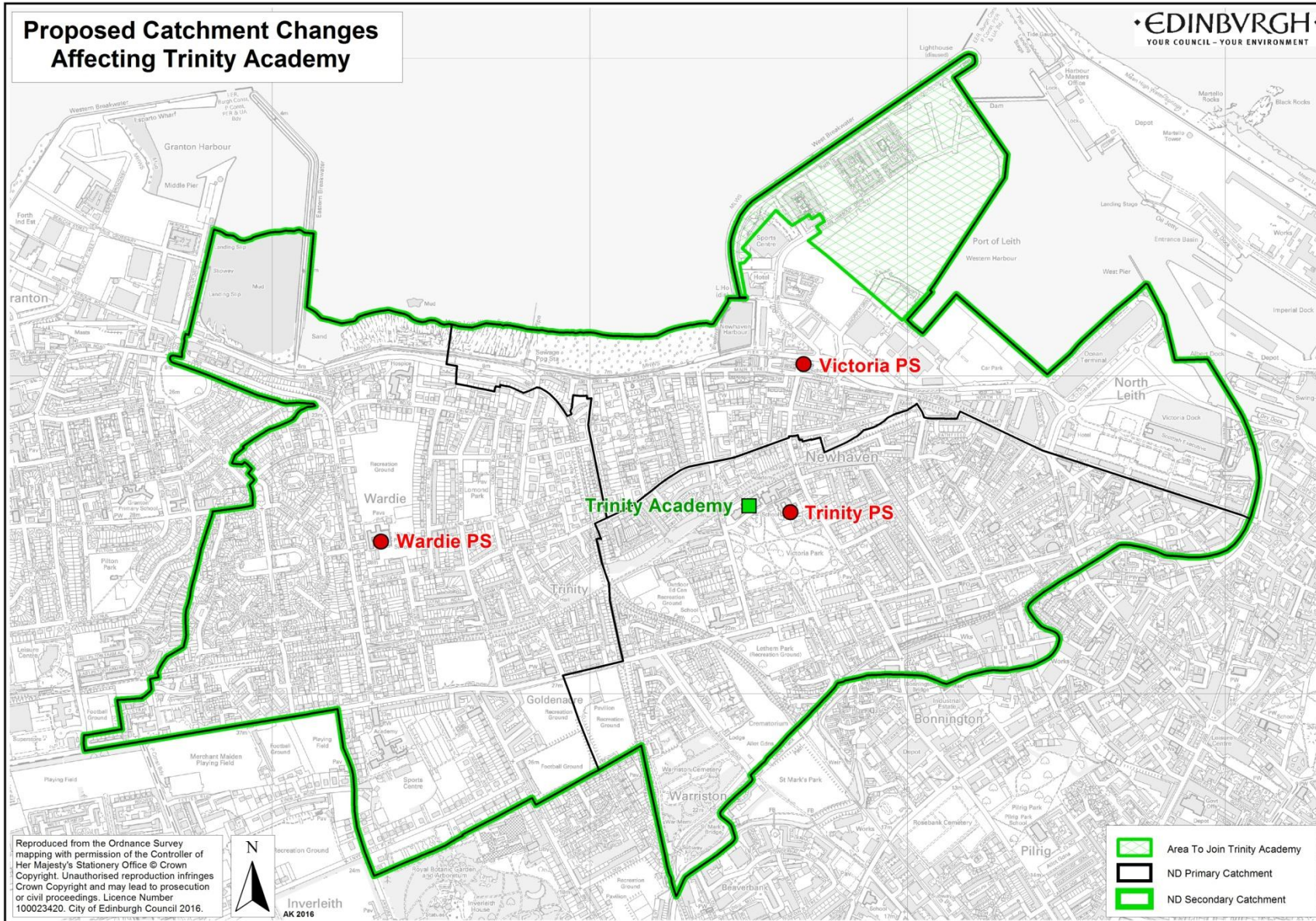
AK 2016

- Area To Join Holy Cross & St Thomas Of Aquin's Schools
- RC Primary Catchment
- RC Secondary Catchment

# APPENDIX 6

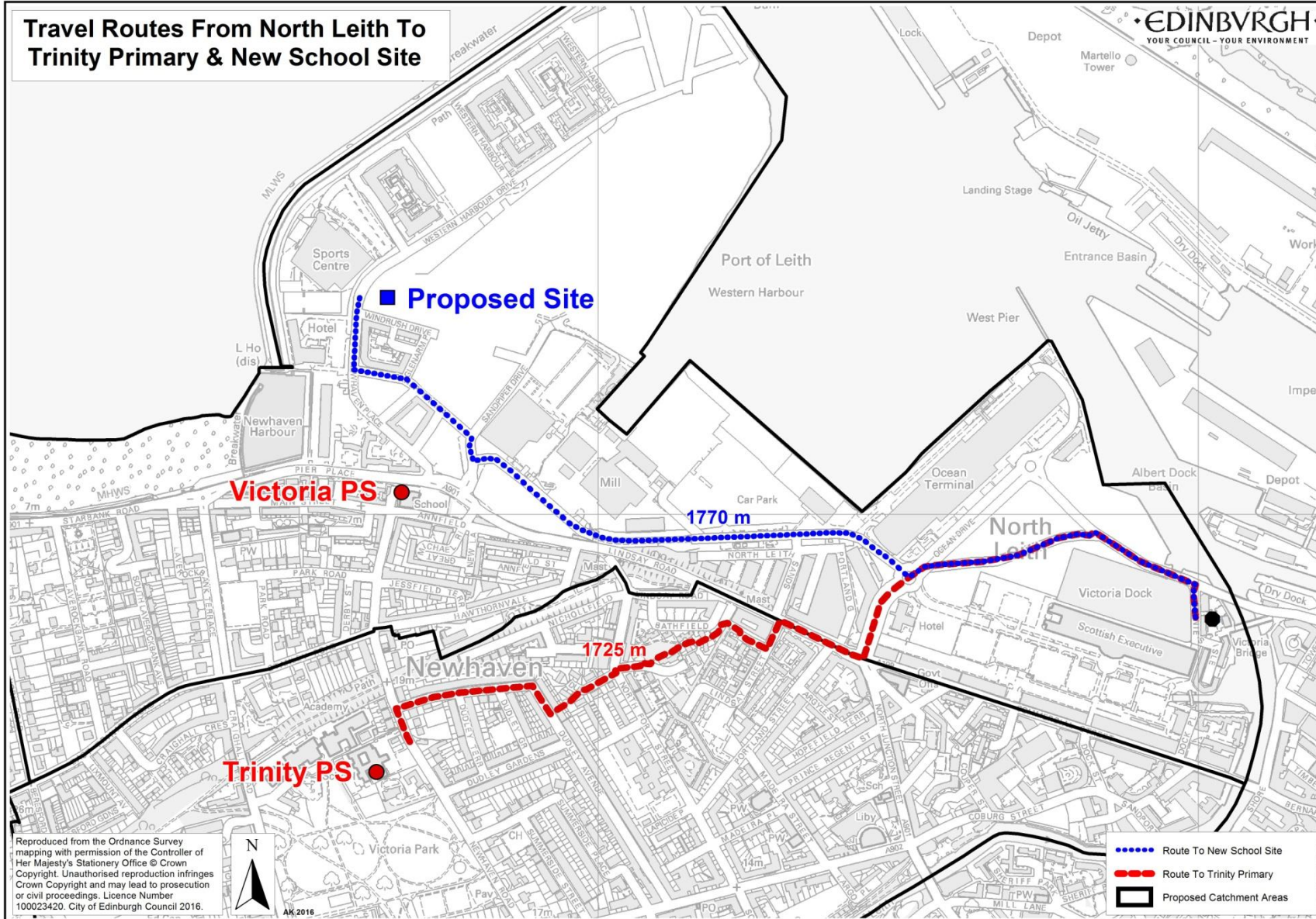
## Proposed Catchment Changes Affecting Trinity Academy

• EDINBURGH •  
YOUR COUNCIL - YOUR ENVIRONMENT



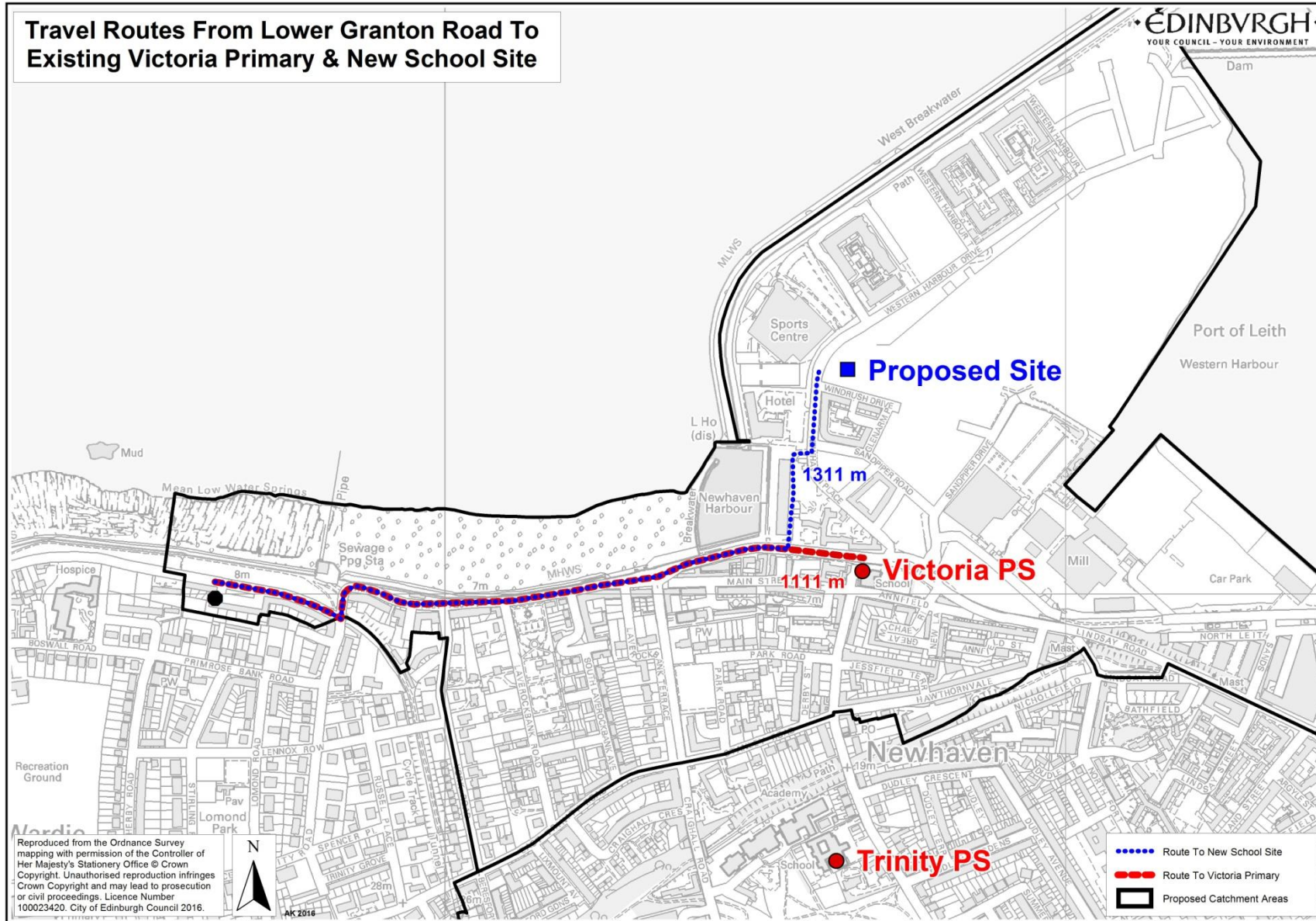
# APPENDIX 7

## Travel Routes From North Leith To Trinity Primary & New School Site



# APPENDIX 8

## Travel Routes From Lower Granton Road To Existing Victoria Primary & New School Site



**APPENDIX 9 – Inspection, Attainment and Achievement Information for Trinity Primary School and Victoria Primary School (to be completed)**

**Table 1: Education Scotland Evaluation of Quality Indicators at**

<b>Evaluation Criteria</b>	<b>Trinity Primary School</b>	<b>Victoria Primary School</b>
Date of Evaluations		
<b>Primary School</b>		
Learners' experiences		
Improvements in performance		
Meeting Learning needs		
<b>Nursery Class</b>		
Children's experiences		
Improvements in performance		
Meeting Learning needs		
<b>Work of the school and nursery class</b>		
The curriculum		
Improvement through self-evaluation		



10.00am, Thursday 9 February 2017

## Council Business Plan 2016-20

<b>Item number</b>	4.7
<b>Report number</b>	
<b>Executive/routine</b>	
<b>Wards</b>	All

### Executive summary

---

The Council Business Plan for the period 2016-20 was first approved by Council in January 2016. At the time of approval the Council made a commitment to provide an annual update of the plan, to make sure that the priorities and direction the plan describes continue to remain relevant and focused on the needs of our customers and citizens. This report provides an updated version of the plan for February 2017, with amendments in line with the Council's Revenue Budget Framework and other changes to the strategy and policy environment within which the Council operates.

The plan forms a central part of the Council's strategic planning and performance framework, providing one plan to ensure that Council strategy, transformation programme, budget plans and service plans all combine around one direction of change which reflects the priorities of elected members, the public, partners and staff.

The plan and its appendices describe the financial and service challenges the Council faces over the next four years and sets out the common approaches all services will work around in order to meet these challenges. A financial plan is also provided which, in line with the Council's 2017-21 Revenue and Capital Budget Framework, describes the steps needed to maintain the Council's financial sustainability over this period.

### Links

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<b>Coalition pledges</b>	All
<b>Council outcomes</b>	All
<b>Single Outcome Agreement</b>	All

## Council Business Plan 2016-20

### Recommendations

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- 1.1 It is recommended that the Council:
  - 1.1.1 Agree the Council Business Plan for 2016-20, subject to any amendments required following budget motion decisions.

### Background

---

- 2.1 The Council strategic planning and performance framework was agreed in June 2015. This framework was developed to provide a simple and clear articulation of the Council's vision and purpose and provide a concise set of shared strategic themes and principles around which all Council services can be built.
- 2.2 In January 2016 the City of Edinburgh Council built on this framework and published a new Business Plan to provide a strategic vision and direction to guide the work of the Council over the four years from 2016 to 2020. At the time of that launch the Council made a commitment to provide an annual update of the plan, to make sure that the priorities and direction the plan describes continue to remain relevant and focused on the needs of our customers and citizens. This report provides an updated version of the plan for February 2017, with amendments in line with the Council's Revenue Budget Framework and other changes to the strategy and policy environment within which the Council operates.

### Main report

---

- 3.1 The Council Business Plan provides a clear vision for the city we want Edinburgh to be, and the type of organisation the Council needs to be in order to deliver that vision. It forms a central part of the Council's strategic planning and performance framework, providing one plan to ensure that our strategy, transformation plan, budget plans and service plans all combine to describe one direction of change and reflect the priorities of elected members, the public, partners and staff.
- 3.2 In this update, the core focus of the plan remains unchanged and continues to describe single vision for the city, shared with all Council partners, to ensure that ***Edinburgh is a thriving, sustainable capital city in which all forms of deprivation and inequality are reduced.*** To deliver this vision, the plan set out four overlapping strategic themes common to the work of all service areas. These themes set out a commitment for Council services to:
  - 3.2.1 ***Improve quality of life*** for all our citizens
  - 3.2.2 ***Ensure economic vitality*** for Edinburgh, powering sustainable growth and jobs for a wide city region, and
  - 3.2.3 ***Build excellent places***, maintaining Edinburgh as an attractive place to live, work, visit, and invest.



3.3 Across all these themes, the plan set out a further common commitment to provide best value and to ***deliver lean and agile services***. To do this, the plan describes six principles to guide the development of all Council services over the next four years.

- Focus on Customers
- Deliver Integrated Services
- Work with Empowered Communities
- Provide Value for Money
- Deliver a Sustainable Capital City, and
- Have a High Performance People

3.4 Building on this framework, the Council Business Plan sets out the outcomes the Council needs to focus on over the period to 2020 and describes the council wide approaches needed to deliver these outcomes.

### Financial Plan

3.5 A core driver behind the Council Business Plan is the recognition that the Council needs to reduce its budget while still meeting the needs of customers. Towards this, the plan 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. Sound financial management forms a key foundation of the plan. This plan therefore incorporates a financial plan appendix which, developed in line with the Council Revenue and Capital Budget Framework, profiles savings requirements over the period of the plan, alongside expenditure levels planned for 2017/18.

3.6 This financial plan is based on information available as at end January 2017 and is presented for agreement subject to amendments and updates required following budget motion decisions and updates to Local Government financial settlements.

## Measures of success

---

- 4.1 The Council Performance Framework is aligned to the outcomes described in the Council Business Plan and provides performance measures against delivery of the Council's strategic aims for the period 2016-20.

## Financial impact

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- 5.1 The financial impact is set out within the Council Business Plan and associated Financial Plan, in line with actions agreed as part of the 2017-21 Revenue and Capital Budget Framework.

## Risk, policy, compliance and governance impact

---

- 6.1 Risk, policy, compliance and governance impact is integrated within the Council Business Plan.

## Equalities impact

---

- 7.1 The Council Business Plan incorporates actions and outcomes related to the Council's commitment to Reducing poverty, inequality and deprivation.

## Sustainability impact

---

- 8.1 The Council Business Plan incorporates actions and outcomes related to the Council's commitment to develop Edinburgh as a Sustainable Capital City.

## Consultation and engagement

---

- 9.1 Measures, priorities and outcomes within the Council Business Plan have been developed in consultation with stakeholders and will continue to evolve based on continued engagement.

## Background reading / external references

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The [Council Strategic Planning and Performance Framework](#) approved by Corporate Policy and Strategy Committee on 10 June 2015.

### **Andrew Kerr**

Chief Executive

Contact: Kirsty-Louise Campbell, Head of Strategy (Interim)

E-mail: [kirstylouise.campbell@edinburgh.gov.uk](mailto:kirstylouise.campbell@edinburgh.gov.uk) | Tel: 0131 529 3654

Contact: Jo McStay, Strategy Manager (Interim)

E-mail: [jo.mcstay@edinburgh.gov.uk](mailto:jo.mcstay@edinburgh.gov.uk) | Tel: 0131 529 7950

## Links

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<b>Coalition pledges</b>	All
<b>Council outcomes</b>	All
<b>Single Outcome Agreement</b>	All
<b>Appendices</b>	Appendix 1: Council Business Plan Appendix 2: Council Business Plan Summary

# Council Business Plan

## Contents

### Introduction

#### The purpose of our Business Plan

- Strategic planning framework
- Developing the framework
- Culture and values

#### Our vision, aims and outcomes

- Vision and strategic aims
- Outcomes for our city
- Delivering lean and agile services

#### Strategic context

- Public policy context
- Demographic and socio-economic context

#### Our future Council

- Delivering our future Council transformation
- Transformation next steps

#### Appendix 1: Delivering our outcomes

- Implementing our strategy
- Improve Quality of Life
- Ensure Economic Vitality
- Build Excellent Places
- Deliver Lean and Agile Services

#### Appendix 2: Financial plan

- Managing our resources

## **Introduction**

In January 2016 the City of Edinburgh Council published a new Business Plan to provide a strategic vision and direction to guide the work of the Council over the four years from 2016 to 2020. At the time of that launch we made a commitment to provide an annual update of the plan, to make sure that the priorities and direction we set ourselves continue to remain relevant and focused on the needs of our customers and citizens.

Over the 12 months since the plan was first launched, we have seen a number of significant changes to the environment in which the Council operates. Not least we have seen the publication of a new programme of work for the Scottish Government, continued pressures on local government finances and resources, the UK's decision to leave the European Union, as well as many new developments in UK and Scottish Government policy direction.

Despite these changes, the underlying principles we set out in our Business Plan remain valid and at the heart of our strategic direction. We know, for instance, that demand for our services is growing each year, but that we continue to feel the impact of restrictions on the Council budgets and resources we have available to meet that growth. We know, therefore, that we need to carry on the work we began last year and respond to these demands and pressures by continuing to change the way the Council works. This means:

- Maintaining our focus on supporting and meeting the needs of our citizens and communities, in spite of reducing budgets
- Managing the size of our workforce and making sure we have the right skills in place to meet our objectives
- Transforming the way we deliver services, improving the effectiveness of our partnerships and changing the way we plan and commission services, and
- Continuing to develop and work with partners on our vision for the future of our city

To do this, the Council needs a clear vision for the city we want Edinburgh to be, and the type of Council we need to be as a part of that vision. Most importantly, we need to make sure that our strategy, business plan, our budget and our service plans all combine to describe one direction of change and reflect the views of elected members, our residents, our partners and our colleagues.

This business plan provides this vision and direction. It sets out our plan for the next few years, describing what we aim to do and how we intend to do it. This plan will inform our decision making on how we use our scarce resources. The principles and actions set out here will drive the way we reshape and redesign the way we deliver services and the way we work with communities and partners.

**Andrew Burns**  
Council Leader  
Scottish Labour Party

**Frank Ross**  
Depute Council Leader  
Scottish National Party

**Andrew Kerr**  
Chief Executive  
The City of Edinburgh Council

*February 2017*

## The purpose of our Business Plan

The purpose of the business plan is to:

- Set the strategic direction for our Council over the period 2016-20
- Describe the outcomes we need to achieve
- Describe how we are going to achieve those outcomes, and
- Set out our approach to implementing our strategy and measuring progress towards delivery of those outcomes.

The plan aims to translate our vision for the future Council and our role in the city into a plan, which will deliver positive outcomes for our citizens and communities and achieve a sustainable balanced budget.

### Strategic planning framework

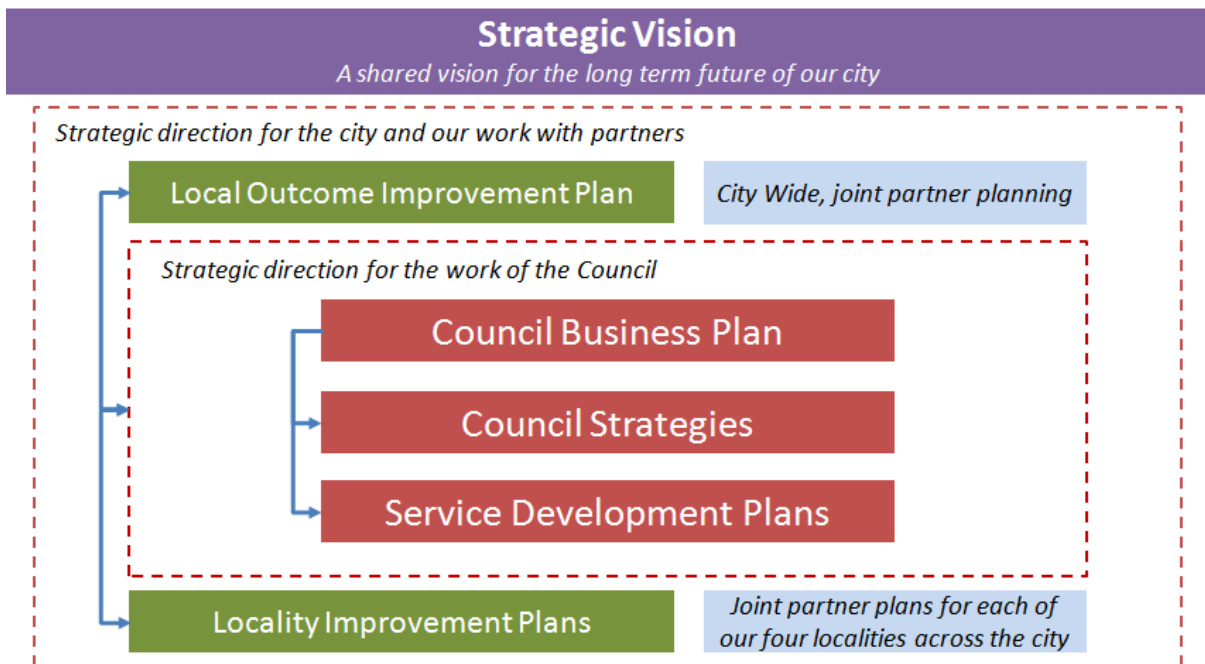
The next few years will call upon the public sector to navigate a number of challenges, including continuing major public service reforms, managing change in the economy, negotiating the UK's complex route out of the EU, as well as maintaining and improving the provision of our much needed services.

Within this context, the Council needs to keep a clear focus on ensuring that we continue to provide universal service delivery at the right standard and to the right quality, while still responding to the wider environment in which we operate. In order to do this, we need our strategic direction to:

- Drive improvement in universal services, including core services such as roads maintenance, waste collection and street cleaning. This means enabling an open and honest dialogue with citizens and customers, and the delivery of appropriate improvements.
- Continue to transform our services in order to deliver a financially sustainable future Council.
- Engage with our citizens and customers in the reform of their public sector, helping us to reset expectations and manage demand.
- Focus our digital transformation on systematically changing the Council and its engagement with the wider digital world, while avoiding the trait of simply digitising poor existing processes.
- Embrace and embed culture change within our organisation, enabling our workforce to be more creative and innovative in the way we deliver services.
- Drive greater collaboration with partners and with a more flexible and agile Council workforce.
- Provide leadership that is more effective, high profile, diverse and continually renewed.

To provide this direction we need a robust strategic planning framework that connects the strategic vision of the Council and its partners to the detailed plans that guide the delivery of our frontline services.

## Strategic Planning Framework



This framework ensures that all Council plans and strategies are driven by and focused towards the delivery of a single shared vision for the city and our services. The framework, of which this Council Business Plan forms a central part, comprises the following elements:

- A **Strategic Vision**, describing the Council's long term vision for our city
- A **Local Outcome Improvement Plan** describing the work of the Council and our partners to deliver our shared vision and provide for improved outcomes across the city as a whole.
- This **Council Business Plan**, which describes the Council's specific contribution to delivering that vision, setting out the strategic aims and outcomes we need to deliver over the four year period of this plan.
- **Locality Improvement Plans** which cover every area of the city and describe in detail our multi agency approaches to improve the delivery of services in our communities.
- A suite of key **Council Strategies**, which build on the business plan describing a detailed corporate approach to drive management of core activities such as our finances, our people, digital services, assets, and our approaches to sustainability and equalities
- **Service Development Plans**, which describe the work of each of our directorates in delivery of our business plan objectives, including priorities for delivery as well as transformation and service improvement initiatives.

### Developing the framework

Across each of these components it is important that our strategic framework remains relevant, focused and in a continual state of renewal and improvement. Towards this, alongside the annual update of this Business Plan, the next 12 months will provide a number of changes to this framework, including:

- Development of a **2050 Edinburgh City Vision**, which will provide a new single long term vision to guide the direction of our city and the work of partner agencies, including the Council
- Development of a **City Region Deal** for the Edinburgh and South East Scotland City Region, providing significant investment in our infrastructure and growth
- Development with partners of our first city wide **Local Outcome Improvement Plan**, replacing existing Community Plans in line with the guidance of the Community Empowerment Act.
- Delivery of our first **Locality Improvement Plans** reflecting the needs and priorities of our citizens and customers in all our communities and setting out our approach to tackling areas of deprivation in our city
- Development of new key **Council Strategies** to guide the way the organisation operates, including the way we work with our citizens and customers and the way we develop our workforce
- Delivery of new **Service Development Plans** which articulate the role and priorities for each Council directorate towards meeting our outcomes

Progress against the delivery of these plans is supported by a Council-wide approach to **performance management**. This approach provides citizens, elected members and service managers with insight into the performance of the Council against the strategic outcomes described in this business plan. This performance framework responds to the direction set by the Scottish Government's National Performance Framework and incorporates an approach to benchmarking and target setting that fits with our aspiration to be among the best performing cities and Councils in the UK. Towards this, a new balanced scorecard of performance measures is currently being developed to embed the outcomes set out in this plan and reflect new priorities for customers and service improvement, as well as financial and workforce change.

## Culture and values

To make sure that the choices and decisions we make are well founded, each part of the strategic planning framework described above is built around a set of core commitments that guide everything we do as a Council. These commitments define the culture we want to build within our organisation and include:

- Our commitment to the four **Council Values**, which underpin everything we do as an organisation:
  - **Customer First:** We listen. We are responsive, helpful and knowledgeable. We care and we treat people with respect at all times.
  - **Forward Thinking:** We are proud to work for Scotland's Capital. We are forward-thinking and focused on improving Edinburgh
  - **Working Together:** We work together to achieve shared goals and provide value for money services
  - **Honest and Transparent:** We are honest and transparent in all we do and accountable for our decisions
- Our commitment to building a culture of **Leadership** that has learning, performance and partnership at its heart



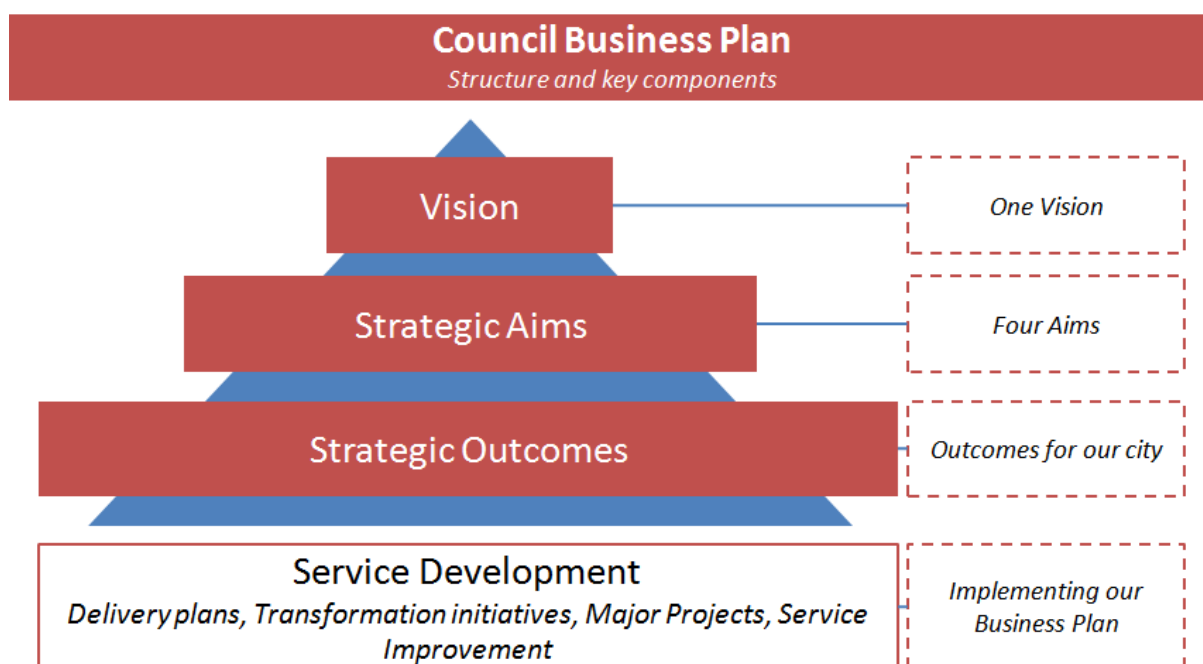
- Our commitment to delivering a working environment of **integrated teams** and a **climate of partnership** for all our people that is authentic and creative, and where accountability is critical.
- Our commitment to maintaining a **culture of performance** and delivery across all our services, where everything we do meets the aspirations of our citizens, our people and our organisation.
- Our commitment to building a culture of **engagement and empowerment**, and a commitment to a new way of working with our citizens so that the emphasis of all our practice is on working *with* communities and our customers, rather than doing things *to* them or *for* them
- Our commitment to a culture of continuous **transformation and improvement**, where all our services focus on innovating and finding new ways to improve the way we work.



## Vision, Aims and Outcomes

This Council Business Plan provides a vision, aims and outcomes to guide the work of all Council services over the period 2016-20. It is built around:

- One vision for the long term future of our city, shared with all our partners
- Four cross-cutting and mutually reinforcing Strategic Aims that describe the purpose of the Council and its services, and
- A set of Strategic Outcomes that describe the results our services aim to deliver over this period.



### Vision and Strategic Aims

Our vision is to ensure that ***Edinburgh is a thriving, sustainable capital city in which all forms of deprivation and inequality are reduced.***

This vision was developed and shared with our community planning partners across the city and has driven the work of the Council for a number of years. At the moment the city is embarking on a major new project to refresh this direction and develop a new long term City Vision to guide the priorities of the Council and the city over the period to 2050. This new vision will be published in the summer of 2017 and be built from comprehensive engagement with residents, businesses and public sector partners across the city.

To deliver our vision, Council services focus their work towards the delivery of four overlapping and mutually reinforcing strategic aims. These aims describe the purpose of our services and guide the

direction of the work we do. We want our services to make a real difference to the lives of people in Edinburgh. To do this we aim to:

- **Improve quality of life:** Edinburgh is widely recognised as one of the best cities in the UK in which to live. Our priority is to continue to improve quality of life for all our citizens
- **Ensure economic vitality** – Edinburgh is home to the most successful and vibrant economy in Scotland, powering growth and jobs for a wide city region. Our priority is to strengthen our international competitiveness, supporting inclusive growth and investment that benefits all our citizens.
- **Build excellent places** - Edinburgh is a beautiful city with a rich historic built environment co-existing with first-class modern infrastructure. Our priority is to maintain our city as an attractive place to live, work and visit.

Across all these aims, it is important that the Council operates as an efficient and effective organisation. To do this we aim to:

- **Deliver lean and agile services** – To meet the challenges ahead of us we know we need to be a lean and agile Council that puts customer needs at the heart of everything we do. This means transforming the way we work, with a leaner structure, clearer and simpler processes, supported by a skilled and motivated workforce.

## Outcomes for our city

To deliver these aims, this business plan sets a number of strategic outcomes towards which our services work. These outcomes describe the direction and priorities that all Council services are built around.

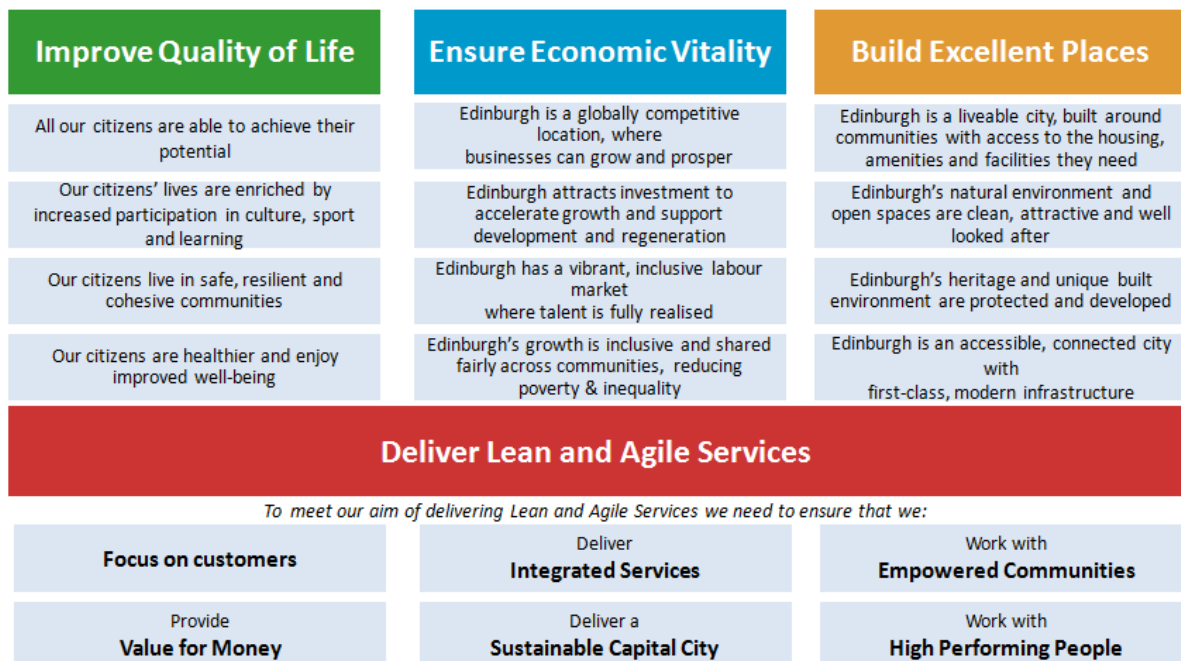
- To deliver our aim to **Improve quality of life** we need to ensure that:
  - **All our citizens are able to achieve their potential**
  - **Our citizens' lives are enriched by increased participation in culture, sport and learning**
  - **Our citizens live in safe, resilient and cohesive communities, and**
  - **Our citizens are healthier and enjoy improved well-being**
- To deliver our aim to **Ensure economic vitality** we need to ensure that:
  - **Edinburgh is a globally competitive location, where businesses can grow and prosper**
  - **Edinburgh attracts investment to accelerate growth and support the city's development and regeneration**
  - **Edinburgh has a vibrant, inclusive labour market where talents of our citizens are fully realised**
  - **Edinburgh's growth is inclusive and shared fairly across all our communities, reducing poverty and inequality**
- To deliver our aim to **Build excellent places** we need to ensure that:
  - **Edinburgh is a liveable city, built around communities with access to the housing, facilities and amenities that meet their needs**

- **Edinburgh’s natural environment and open spaces are clean, attractive and well looked after**
  - **Edinburgh’s unique heritage and built environment are protected and developed**
  - **Edinburgh is an accessible, connected city with first-class modern infrastructure.**
- To meet our aim of delivering **Lean and Agile Services** we need to ensure that we:
    - **Focus on Customers**
    - Deliver **Integrated Services**
    - Work with **Empowered Communities**
    - Provide **Value for Money**
    - Deliver a **Sustainable Capital City**, and
    - Have a **High Performance People**

Achieving all these commitments in a period of reducing budgets and increasing demand is a challenge, but one we are determined to meet. The purpose of this Business Plan is to build on the strategic direction set out here and describe the steps we need to take to meet these commitments.

Further details on all these outcomes and the council wide approaches we need to take to deliver them are provided later in this document.

### Strategic aims and outcomes



## Strategic context

This Business Plan defines the journey of change we need to make as a Council over the next four years. Our business and financial planning framework is built from an understanding and a vision of the pressures the Council is likely to face in the next few years. In order to develop this understanding, we need to examine both the internal and external factors which will drive Council performance.

These include the pressures arising from a growing and changing population and from the persistent wide inequalities in income and life experience between citizens in Edinburgh. Alongside this, the public policy environment in which the Council operates continues to evolve including, for instance, opportunities arising for Edinburgh from developments such as the City Region Deal.

These drivers provide compelling evidence for changing the way the Council operates, adapting to financial and service demand pressures and making sure we are well placed to take advantage of opportunities as they arise.

- **Public policy context, and**
- **Demographic and socio-economic context**

Public Policy Drivers	Demographic and Socio-economic drivers
<i>Public sector reform</i>	<i>A growing city and a changing population</i>
<i>The Scottish Government's Programme For Scotland</i>	<i>Poverty and inequality challenge</i>
<i>UK exit from the EU</i>	<i>A sustainable city</i>

### Public policy drivers

The implementation of our Council Business Plan over the years to 2020 will take place in a period of fast moving and almost unprecedented change to the public policy environment in which the Council operates. Significant policy shifts have emerged in the past year alone that will change Edinburgh's relationship with the wider world, the direction provided by the Scottish Government and the responsibilities which Local Authorities are asked to deliver.

## Public Sector Reform

The Scottish Government vision is of a public sector landscape reformed by four pillars of change:

- **Partnership** – We need to improve local partnership and collaboration, bringing public, third and private sector partners together with communities to deliver shared outcomes that really matter to people.
- **Prevention** – We need a commitment to reduce future demand by preventing problems arising or dealing with them early on.
- **Performance** – We need to demonstrate a sharp focus on continuous improvement of our services, applying reliable improvement methods to ensure that services are consistently well designed based on the best evidence and are delivered on a right first time basis.
- **People** - We need to unlock the full creativity and potential of people at all levels of public service, empowering them to work together in innovative ways. We need to help create ways for people and communities to co-produce services around their skills and networks.

The Community Empowerment Act, passed in June 2015, represents one key programme of reform underway across Scotland to address these issues and increase community involvement in public service delivery. This act reformed a range of policy areas relating to community participation, including community planning, community right to buy of land, involvement of communities in public service delivery and communities taking on public assets and public goods. The legislation has been significant and is leading to a renewed focus towards increased community involvement in the way local authorities deliver services.

Alongside this programme, other core themes of the public sector reform agenda are built around collaboration and integration of services at a cross-authority or cross-region level. In particular, the Government expects the public sector in Scotland to seek out opportunities for improved collaborative working and much wider application of shared services models to drive out inefficient practice and allow organisations to reinvest in those services that have the greatest impact on citizens.

## Scottish Government programme for Scotland

2016 saw elections for the Scottish Parliament and the launch of a new programme to guide the work of the Scottish Government. A number of areas of this programme have significant potential impacts on the responsibilities local authorities are expected to deliver. Key areas include:

- Reform and review of the provision of education services across Scotland
- New focus for policy in the provision of childcare and early years services
- Changes to Council Tax policy and potential reform of local taxation
- A focus on inclusive growth approaches and the promotion of Fairer Scotland policies
- A commitment to continued investment in delivery of affordable housing
- Protection of investment in areas such as Health and Social Care and Police Scotland
- Increased encouragement for local authorities to pursue shared and integrated approaches to service delivery and management

Alongside these shifts, 2016 also saw the continued development of policy in the following key areas:

- The Scotland Act 2016 represented one of the largest transfers of powers from the UK to Scottish Government in centuries and provides a number of challenges and opportunities for Local Government. Alongside changes to the fiscal framework and consequent potential impacts on local government finance settlements, impacts include further potential reform of local taxation and the likely extension of local government's delivery role in the administration of welfare reforms in Scotland.
- The Scottish Government's review of Enterprise Agencies comprises a major review of the focus, function and objectives of Scotland's skills and enterprise agencies and is likely to have significant effects for the function of local authorities and the ways in which Councils work with national economic development agencies.
- The Chancellor of the Exchequer's 2016 Autumn Statement committed to the continuation of negotiations on delivery of a City Region Deal programme for the Edinburgh and South East Scotland City Region. The statement noted that this was part of a programme of work in which every city in Scotland was 'on course' to have a city deal in place.
- The UK Government's emerging Industrial Strategy is expected to set out new direction to government intervention to support or develop industries to enhance economic growth. Details of this approach are still in development, but may include new approaches to regional development of cities and other economic areas outside London as well as potential implications for capital investment expenditure available to areas in Scotland.

### UK exit from the EU

The results of the EU referendum in June 2016 and the UK's decision to leave the European Union raise a number of questions to which the Council will have to respond over the coming few years. Key areas of impact where council services will have to respond to changes include:

- **Impacts on citizens:** Edinburgh is home to an estimated 32,000 EU national residents. This is the largest concentration of EU nationals in Scotland and represents a significant and sizeable group of Council service customers across all service areas including Housing, Employability, Schools, Children's Services, Health and Social Care and Public Protection. Customers in this group may experience considerable uncertainty over their right to remain and immigration status over the next few years, both during and following the completion of EU exit negotiations.
- **Impact on trade:** Exit from the EU significantly changes the export trade conditions within which Edinburgh firms currently operate. The level and nature of exports to the EU, access to markets, access to imports and relationships with customers and overseas owner companies are all likely to change significantly and alter the environment within which the Council supports economic growth across the city.
- **Impact on migration:** EU national residents of Edinburgh comprise a significant share of the city's workforce, particularly in key strategically important sectors such as tourism, culture and health and social care. Exit from the EU has the potential to significantly impact on the ability of these sectors to hire skilled staff, with consequent potential impacts on service delivery and wage pressures.

- **Impact on regulation:** Exit from the EU raises the potential for changes in the regulatory framework within which Council services are provided, including employment and procurement legislation, as well as regulations specific to individual service areas
- **Impact on funding and Government policy:** Exit from the EU raises significant questions over the long-term availability of access to EU research and other funding streams, changes to taxation, as well as possible changes to the use of state aid by Government to back key sectors of the economy.
- **Impact on Higher Education:** Edinburgh is home to an exceptionally strong higher education sector and is a magnet for EU funding as well as EU migrant students. Over the past five years, Edinburgh universities have received an estimated £256m of EU Research funding, higher than any other UK city outside London and Oxbridge. Exit from the EU brings significant potential challenges for these funding streams and the innovative research they support, as well as challenges for the city in relation to the attraction and retention of high skilled residents.

### *What this means for us:*

The policy changes and new directions outlined above all have the potential for significant impacts on the Council, the opportunities we have available to us, and the duties we are expected to carry out. The rate and scope of change is extensive and requires an approach to Council policy and strategy development which:

- Remains aware of and tightly aligned to external UK and Scottish Government policy direction
- Designs agile and flexible services, driven by a programme of transformation focused on the delivery of a fit for purpose future Council, and
- Is built around governance procedures which remain fit for purpose within a changing policy environment.

## **Demographic, socio-economic drivers**

### **A growing city with growing inequality**

Over the past ten years, Edinburgh has been one of the fastest growing local authorities in the UK. From 2005 to 2015, the population of the city grew by over 49,000 people. This represents an increase of some 10%, more than double the growth seen across Scotland as a whole and faster than that of any other city.

Over the next ten years, our analysis of population trends and housing development suggests that the city is likely to see further population growth, with the number of residents projected to increase by 44,500 people, or 9%, over 2014-24. These projections show strong growth at both ends of the age spectrum. Population of residents aged 12 to 17, for instance is projected to grow by some 23% in the next ten years. Similarly, the population aged over 75 is projected to grow by 25%, almost 3,000 people, over the same ten years.

This growing population is one of the most visible signs of the success of our city in recent years, and our status as one of the best places in the UK to live and to work. We know, however, that not all



our citizens share in that success and that alongside our affluent areas, our city contains some of the most deprived communities in Scotland. In 2015 our estimates show that almost 80,000 people in Edinburgh were living on incomes below the UK poverty threshold. This means that 16% of all our citizens living in poverty, a rate very close to the Scottish average of 18%. Within that overall rate, poverty levels among households with children are particularly high. Data shows that 21% of all Edinburgh's children grow up in poverty, meaning that over 20,000 children in the city live in families who get by on very low incomes. Latest estimates suggest that this ratio is likely to increase in the next few years with modest increases in average incomes across the UK not matched by any expected real income growth for the poorest households.

Even such estimates, however, mask the depth of poverty and income inequality faced by many of our residents. Within the most deprived wards of our city as many as 30% of all residents live in households below the poverty threshold. When we look at smaller geographical areas and communities these rates can be even higher, with pockets of poverty and deprivation as severe as those recorded in any other part of Scotland. More than this, the map of poverty in Edinburgh shows a picture of stark inequality, with the poorest communities often located adjacent to, and intertwined with areas which are home to some of our most affluent residents. Our analysis shows that this pattern of income inequality is more severe in Edinburgh than in most other cities and mirrors similar wide inequalities in the life chances and wellbeing of residents. Data shows, for instance, that boys born in the poorest areas of Edinburgh have a life expectancy some 8.5 years lower than those born in the most affluent areas. This is a larger gap than that recorded in any other city in Scotland.

These issues have considerable impacts on the life experience and opportunities of residents across the city and, as a result, a significant impact on the demand for, cost and complexity of services we deliver as a Council. To illustrate this, the Joseph Rowntree Foundation in 2016 estimated the cost of addressing the effects of poverty in the public sector in the UK at some £69bn per annum (in additional costs for education, support to vulnerable children, criminal justice costs and other impacts). If allocated on a simple pro-rata basis, this suggests a total cost to the public sector in Edinburgh of £408m per annum associated with addressing the effects of poverty among our residents.

### *What this means for us:*

Such findings have significant implications for the planning of Council services, including the way we manage the growth of the city, plan for new housing, provide services for children and families, and for health and social care.

The challenges of population growth and demographic change bring significant pressures for the way our city develops. In order to respond to these pressures, we need to ensure our planning policies provide a stable framework to guide the growth of our city, making sure that Edinburgh is the best city it can be, for everyone, both now and in the future. This means delivering plans that support the growth of the economy and help increase the number and quality of affordable homes in the city. It also means making sure that we take integrated approaches to managing this growth, so that housing, jobs and services are connected by good transport networks, that our developments

support the creation of strong communities and healthy living, and that the city develops in a way that looks after and improves our environment for future generations.

These changes also bring pressures for the way we manage and provide specific services in the city. For children's services, the projections imply increased capacity requirements in early years facilities and rising overall school rolls across the primary and secondary education sector, as well as suggesting steady growth in the number of at-risk children. At the same time, for Health and Social Care services the projections imply increased demand for both residential and at-home care services, with growth in the 85+ age group being particularly pronounced, as well as potential increases in the number and complexity of need of residents with physical and/or learning disabilities. More broadly, all these changes indicate a need to make sure that capacity, location, and design of Council facilities, infrastructure and assets respond to the needs of our citizens and remain safe and fit-for-purpose.

To address the poverty and inequality challenges that face our city we need our services to work together to intervene early and prevent poverty, and to find ways of mitigating the effects of poverty and low income as they arise. This means working directly with our communities to reduce living costs and increasing the income of vulnerable families, including support to manage energy, food, and other household costs, advice services to maximise benefits income and manage debts, as well as hardship support for households in crisis. It means improving the availability of good quality, affordable housing in Edinburgh, and prioritising investment to modernise homes and provide services to reduce the cost of living for tenants. It also means providing services which help prevent poverty and mitigate the effects of poverty for families with children, services which help working adults access good quality jobs, and services which address the effects of poverty in later life, including work to improve health and wellbeing and prevent social isolation.

### **A sustainable city**

In addition to rising and changing demand from residents, the challenge of ensuring a sustainable future for the city will have an increasingly important impact on the way the Council operates in the coming years. The policy context within which the Council works provides clear guidance to encourage local authorities to take integrated approaches to addressing social, economic and environmental issues. In recent years this has included the introduction of legislation such as the Climate Change (Scotland) Act 2009, the Community Empowerment Act, and the Public Bodies (Joint Working) Scotland Act 2014. Alongside these, in 2015 the Scottish Government became one of the first national Governments in the world to sign up to the UN's Sustainable Development Goals. This framework sets out a series of goals and targets designed to stimulate action over the next fifteen years relating to:

- Removing poverty and hunger, and ensuring that all people can fulfil their potential in dignity and equality and in a healthy environment
- Preventing environmental degradation, by promoting sustainable consumption and production, sustainable management of natural resources and urgent action on climate change
- Ensuring that all people can enjoy prosperous and fulfilling lives and that economic, social and technological progress occurs in harmony with our natural environment

- Fostering safe and inclusive societies which are free from fear and violence, and
- Working in partnership across public sector agencies and communities to ensure that the needs of all citizens, including the poorest and most vulnerable, are recognised.

*What this means for us:*

To respond to the challenge set by this agenda, and develop a genuinely sustainable city, our key focus needs to be on ensuring a high quality of life for all citizens. This means having a strong resilient economy that works for all our citizens, building strong, healthy communities with access to opportunities and high quality facilities, all set within a compact city that has clean air, ease of mobility and enhanced biodiversity.

To do this, we need to be a forward-looking, resilient organisation that is committed to sustainability in everything we do. We need to organise our work to deliver local priorities across the city through services planned for long-term resilience and through joined up working with partners. We need to maintain a focus on the most vulnerable citizens, directing services to those in poverty and in need of support. We need to demonstrate how we will use our resources, people and finances more sustainably, and encourage accountability for our environment through responsible consumption and production. We also need to improve the resilience of our services and our communities, inspiring ownership and accountability as well as transforming the way our organisation operates.

## Our Future Council

### Designing our future Council

To meet our challenges and take advantage of our opportunities we are fundamentally changing how we work. We are moving from having many geographic boundaries to four areas in which we will bring together our own and partner services to make it easier to adapt these services to meet local demand.

We are refocusing our effort towards achieving our priority outcomes by reducing internal business costs, applying digital strategies to reduce the cost of simple transactions and enabling our customers and staff to do more online.

We are changing the shape of the Council, with fewer management layers, a smaller workforce with more efficient processes. As a result of these changes we are encouraging a greater degree of service integration among Council services, our partners, the third sector and, where appropriate, our commercial suppliers.

We are continuing to support the third sector and ensuring that our investment and support delivers our priority outcomes.

Finally, we are developing a more commercial approach in considering how to best use our assets and generate income in the context of our overall strategic objectives and management of risk.

As a result of all these changes, over the 4-year period of the business plan we will become:

- An increasingly outcomes-focused Council, making budget, investment and performance decisions based on the contribution of each activity to our priority outcomes.
- A financially sustainable Council, committed to delivering value for money.
- A locally focused Council which understands the holistic needs of our citizens, and joins up with other public sector partners to deliver well integrated services (including delivery of integrated health and social care services, and a City Region Deal).
- A Council that is committed to a new contract with our citizens, so that the emphasis of all our practice is on working with communities, rather than doing things to them or for them
- A Council which embeds prevention and sustainability across everything we do, enabling services to take early action to reduce demand, and improving the energy and resource efficiency of all our buildings and policies.
- A digitally active Council, which uses technology to be more pro-active, support customers to self-serve and reduce avoidable contact while still ensuring accessibility and ensuring more complex contacts can be handled more effectively.
- A lean organisation which consolidates and reduces our business resources, by having corporately managed support services with local and service focus, utilising an effective business partnering model.
- An open and transparent Council with an inclusive, accessible and streamlined approach to decision making
- An ambitious, forward looking Council which works with partners to deliver a step change towards a stronger, fairer city equipped for the future.

## **Delivering our future Council transformation**

Our work to deliver this future Council is underway and our Council Transformation Programme is already implementing a number of significant practical changes.

On 25 June 2015, Council approved a report on the Transformation Programme which set out the future operating model for the Council. The Transformation Programme was then tasked with delivering £77 million in annual recurring savings through the implementation of this new model.

To date the programme has been successful in delivering recurring savings to the value of £53.7m. A further £18.9m of savings are expected to be delivered by reviews and programmes currently underway. The remaining £4.4m has been considered as part of developing the Council's budget framework for 2019/20.

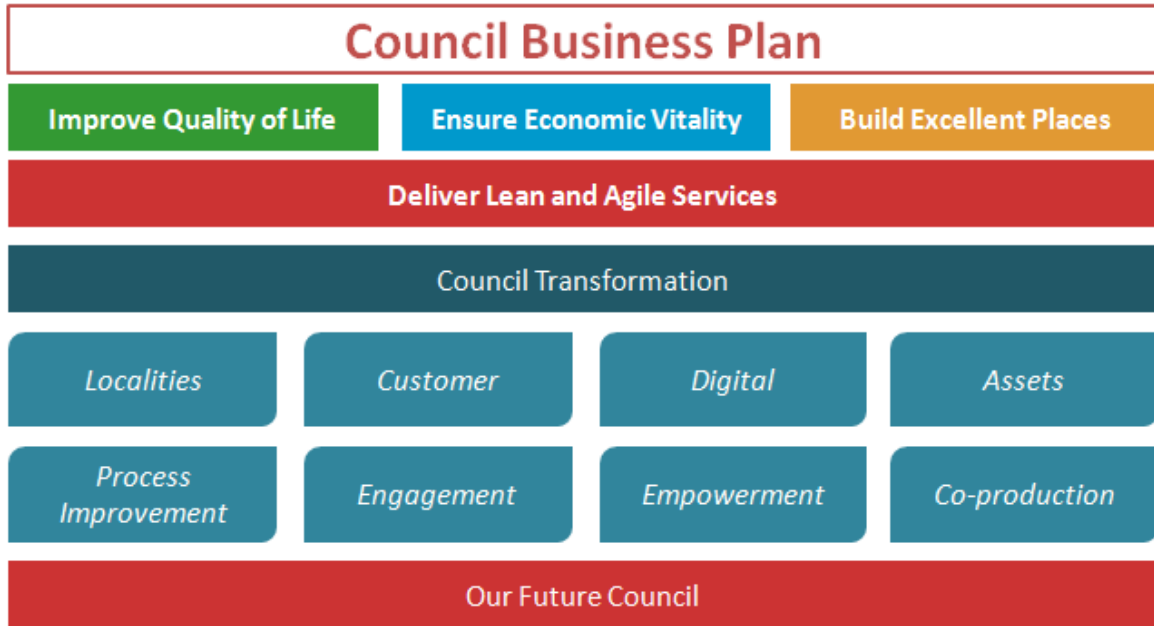
Good progress continues to be made with the remaining organisational reviews, with the vast majority of the initial reviews now complete or in their final stages. Organisational reviews and transformation projects currently in progress or nearing completion include the following services:

- Schools and lifelong learning
- Health and Social Care
- Customer and Business Support
- Safer and Stronger Communities
- Asset Management,
- ICT transformation and Digital Strategy, and
- Implementation of our Localities Model.

## **Next steps for Transformation**

The progress we have made so far in our transformation has been significant, but during the next stages we need to continue to make sure that our portfolio of transformation and service improvement initiatives is focused on delivery of the priorities and outcomes set out in this business plan.

Towards this goal, the next steps for our transformation programme are the development of a holistic and consistent approach to delivering business change and process improvement projects across the Council. Priorities for this next stage include continued implementation of our localities operating model, as well as continued transformation of our ICT and Digital services, the management of our assets and our approaches to ensuring positive outcomes for customers. Alongside these, our focus includes continued work across the Council to improve processes and embed business change, as well as improving the way we engage and empower our staff, our communities and our partners to deliver our new ways of working.



## **Appendices**

Appendix 1: Delivering our outcomes

Appendix 2: Financial plan

# Council Business Plan 2016-20

## Appendix 1: Delivering our outcomes

### Implementing our strategy

This Business Plan aims to draw all our plans for the way we are transforming our structures and operating model together with our plans for the outcomes we need to deliver for our customers. In this way, the plan provides a single view on what outcomes we will deliver for customers, alongside our plans for changing our operating model and achieving savings.

In order to respond to the challenges described above without compromising our Council vision and purpose, it is important that all services work together around a shared set of guiding principles and values which describe our common approach to redesigning and refocusing the way the Council delivers its services.

This section takes each of the Strategic Outcomes described in this plan, and sets out the council-wide approaches we need to take to deliver these outcomes for our city. The narrative describes:

- What we want to achieve under each outcome
- The steps we need to take to deliver that outcome, and,
- The close partnership working that required to deliver these outcomes, between Council services and teams, partner organisations and communities.

These statements provide the high level, strategic direction we need to take to deliver our outcomes. More detail on the actions and initiatives we need to put in place are provided in the other planning documents which make up our Council Strategic Planning Framework, specifically our:

- **Service Development Plans:** which describe for each Council directorate, the service delivery priorities, transformation initiatives and service improvement plans.
- **Locality Improvement Plans:** which describe our multi-agency approaches to delivering services across the city.

Work is currently underway to develop and strengthen both of these elements and ensure a clear line of sight between our strategic direction and our operational actions can be maintained throughout the framework.

Alongside these plans, a further core component in the implementation of our strategy is the development and use of a robust performance management framework. Our approach to managing the performance of Council services aims to provide managers with insight into progress against each of our strategic outcomes and operational objectives, supporting good decision making and service improvement.

This performance framework is designed to respond to the needs of the plans described above and incorporates an approach to benchmarking and target setting that fits with our aspiration to be among the best performing cities and Councils in the UK. Towards this a new balanced scorecard of



performance measures currently being developed to embed the outcomes set out in this plan, and reflect new priorities for customers and service improvement, as well as financial and workforce change.

### Delivering our outcomes

Each of the strategic outcomes described in this plan require co-ordinated, whole council approaches for delivery. This section sets out our approach to delivery for each outcome, describing what we want to achieve, and what we need to deliver.

### Strategic aims and outcomes

Improve Quality of Life	Ensure Economic Vitality	Build Excellent Places
All our citizens are able to achieve their potential	Edinburgh is a globally competitive location, where businesses can grow and prosper	Edinburgh is a liveable city, built around communities with access to the housing, amenities and facilities they need
Our citizens' lives are enriched by increased participation in culture, sport and learning	Edinburgh attracts investment to accelerate growth and support development and regeneration	Edinburgh's natural environment and open spaces are clean, attractive and well looked after
Our citizens live in safe, resilient and cohesive communities	Edinburgh has a vibrant, inclusive labour market where talent is fully realised	Edinburgh's heritage and unique built environment are protected and developed
Our citizens are healthier and enjoy improved well-being	Edinburgh's growth is inclusive and shared fairly across communities, reducing poverty & inequality	Edinburgh is an accessible, connected city with first-class, modern infrastructure
<b>Deliver Lean and Agile Services</b>		
<i>To meet our aim of delivering Lean and Agile Services we need to ensure that we:</i>		
<b>Focus on customers</b>	Deliver <b>Integrated Services</b>	Work with <b>Empowered Communities</b>
Provide <b>Value for Money</b>	Deliver a <b>Sustainable Capital City</b>	Work with <b>High Performing People</b>

## Improve quality of life

**Outcome: All citizens are able to achieve their potential**

### *What are we aiming for?*

We want Edinburgh to be a city in which people can prosper and make the most of their talents. Our services aim to ensure that our citizens, regardless of age, gender or background are able to realise their potential throughout their lives in Edinburgh. This means being a city where citizens' lives are not constrained by exclusion or by circumstances out with their control, and where our people are able to live safely and happily within their families and communities.

To deliver this outcome, we need our services to work together to provide an excellent start in life for our young people, to close the gap in life opportunities and expectation between our most and least affluent communities, to help all our citizens to experience productive working lives, and to support vulnerable citizens to live safely and happily in their families and communities.

### *This means that we need to:*

1. Ensure that children in our city have the best start in life by delivering effective early learning and childcare for all children and families.
2. Deliver accessible and inclusive schools with high aspirations for what our children and young people can attain and achieve.
3. Close the gaps in attainment, aspiration and expectation between the most and least disadvantaged children and young people in our city.
4. Work with further/higher education and third sector providers to ensure people of all ages have access to a flexible and varied range of learning pathways that meet their needs.
5. Develop a vibrant, collaborative and inclusive labour market, by working with employers and citizens to overcome barriers to work, learning and career prospects.
6. Provide pupil and parent support services which ensure that our children and young people feel included, respected, safe and secure, and that parents are actively engaged in their child's learning and the wider school community.
7. Focus on early identification and support, developing preventative and family focused initiatives. Support more people within their families and communities to avoid the need for residential care.
8. Ensure that children and young people in need, at risk and those looked after by the local authority have improved life chances and are safe from harm or fear of harm.
9. Ensure that children and young people with a disability or with additional support can be fully integrated into mainstream school services where appropriate.
10. Recognise the impact that poverty, inequality, prejudice and discrimination can have on the life chances for people and actively work together with communities to tackle these.
11. Support people with disabilities to live independently, for example, using technology enabled care.
12. Support people with learning disabilities to build confidence, skills and friendships and the ability to travel independently; provide information and advice in easily understandable formats such as "easy read" to enable people to engage in ordinary activities.

## Improve Quality of Life

**Outcome: Our citizens' lives are enriched by increased participation in culture, sport and learning**

### *What are we aiming for?*

Edinburgh is renowned throughout the world for its rich cultural offering and its educational institutions. We want Edinburgh to be a city in which people of all ages have the opportunity to improve their quality of life and enjoy that heritage by participating in cultural, sporting and learning activities.

To deliver this outcome we need our services to work together to ensure that Edinburgh continues to be a leading cultural city whose thriving festivals and celebratory events help to make it a great place to live and visit. We need to improve awareness of and access to our year round cultural assets and festivals. We need to deliver new opportunities for increased participation in physical activity, including sports events and improved access to sporting facilities. We also need to ensure that all our citizens have access to high quality, local facilities for engaging in leisure and learning.

### *This means that we need to:*

1. Continue to work in partnership with cultural providers to develop quality cultural products and programming. This includes supporting the city-wide Culture Task Group to develop the city's cultural offering, as well as work to support Edinburgh's 12 major Festivals and enhance Edinburgh's international recognition as a world-leading cultural city.
2. Work with partners to support the redevelopment of our city's major cultural assets and on identifying new funding mechanisms to support culture and tourism.
3. Increase awareness of and access to the city's cultural assets to increase attendance and visits.
4. Improve community access to sports facilities and work in partnership with Edinburgh Leisure on the decision to transfer the management of school sports facilities.
5. Develop a new Meadowbank Sports Centre to promote physical activity for all, and deliver opportunities for increased participation in physical activity and sport each year.
6. Provide high quality library and information services and a programme of community-based leisure and learning opportunities that reflects the needs and aspirations of all our communities.
7. Deliver access to learning, personal development and active citizenship opportunities for people of all ages.

## Improve Quality of Life

**Outcome: Our citizens live in safe, resilient and cohesive communities**

### *What are we aiming for?*

Edinburgh is home to a large and increasingly diverse variety of communities and cultures. We want our city to be a place which values this diversity, in which safe, strong and cohesive communities provide a cornerstone for improving quality of life for all our citizens. This means being a city with a shared future vision and sense of belonging, in which people from different backgrounds have similar life opportunities, and which residents, visitors and businesses feel is safe.

To deliver this outcome we need our services to work together to promote good community cohesion in Edinburgh, including working to tackle prejudice and promoting understanding between communities. We need to protect vulnerable individuals in our city, managing anti-social behaviour and addressing the needs and risks of people involved with the criminal justice system. We need to support victims and use restorative approaches with offenders and their families to address the causes and consequences of criminal or anti-social behaviour.

### *This means that we need to:*

1. Ensure that our children and young people are successful learners and responsible citizens making a positive contribution to their communities. This includes providing school services which encourage our children and young people to show respect for others and to develop knowledge and understanding of different beliefs and cultures.
2. Work with local partners in all our communities to increase citizen participation and promote good community relations, including race, intergenerational and interfaith relations.
3. Ensure that Edinburgh is a safe city by improving the management of anti-social behaviour, preventing re-offending, and early and effective intervention with partners to improve public protection.
4. Promote safe practices by ensuring businesses and customers comply with regulation & legislation and hold appropriate licences.
5. Ensure that our citizens have the opportunity to live in a good quality home that meets their needs in a well managed neighbourhood.
6. Work to prevent homelessness in Edinburgh, reducing the number of people and time spent in temporary accommodation.
7. Improve the provision of high quality road maintenance and construction service and maintain the city's flood infrastructure resilience to ensure that people and vehicles can move safely through the city.
8. Drive community resilience building across the city to support our citizens to improve their ability to respond to planned or unplanned change.
9. Improve how we engage with citizens and communities and involve them in participatory budgeting opportunities to inspire a sense of ownership of local issues, making them feel more connected and are able to have their say.

## Improve Quality of Life

**Outcome: Our citizens are healthier and enjoy improved well-being**

### *What are we aiming for?*

Health and wellbeing are recognised as critical components of good quality of life. We aim to improve the wellbeing of people in Edinburgh so that, whatever their age or circumstance, our citizens can lead fulfilling and satisfying lives. The wellbeing of our citizens is influenced by a number of closely connected drivers, including economic, social and personal factors. Across all these, health is recognised as the main driver of personal wellbeing, with good mental health being crucial to life satisfaction.

To deliver this outcome we need our services to work in a co-ordinated way with our partners to ensure that each of these areas promotes good health and wellbeing.

### *This means that we need to:*

1. Promote social wellbeing by ensuring early intervention and support for families, including providing help in a crisis; by supporting carers and enabling people who need support to stay at home; and ensuring public protection from crime, abuse or anti-social behaviour.
2. Develop the social wellbeing of our citizens by improving access to the city's cultural, learning and leisure opportunities.
3. Further develop the social wellbeing of our citizens by providing good quality, affordable housing in well-managed neighbourhoods; making sure that all citizens have access to integrated, neighbourhood places for engagement, employability, leisure and learning; engaging and collaborating with communities in service design and delivery.
4. Ensure economic wellbeing for our young people by improving attainment and achievement, improving employability skills and ensuring sustained positive destinations for our school leavers.
5. Ensure economic wellbeing for our families by supporting our citizens to access opportunities for employment or career progression, by ensuring access to good quality, affordable homes, and by providing hardship support for vulnerable families, including responding to crisis needs for housing, heat and food.
6. Develop wellbeing by improving the physical aspects of the city and encouraging investment in the physical regeneration of areas; making sure that our streets are clean and attractive, that there are high quality green spaces and that neighbourhoods are well managed; making sure that the Council's homes meet quality and energy efficiency standards.
7. Improve the health of our citizens by improving participation in sport and physical activity; supporting prevention and early intervention of health conditions; supporting people with existing conditions through effective care and support and providing streamlined and effective care and support
8. Support people with mental health problems and promote recovery through reducing isolation, helping people to connect with their communities, reducing stigma and supporting people into employment and to take part in meaningful activities.

## Ensure Economic Vitality

**Outcome: Edinburgh is a globally competitive location, where businesses can grow and prosper**

### *What are we aiming for?*

Edinburgh is home to the most successful and vibrant economy in Scotland, powering growth and jobs for a wide city region. We want our city to continue to thrive as a place where it is easy for businesses to start up, invest and to grow. Providing the right environment for businesses to thrive is important not only for our city's prosperity and global competitiveness, but also for the quality of life of our citizens.

To deliver this outcome we need our services to work together with local business and networks & organisations such as skills and enterprise agencies and Government Cities Alliance to stimulate Edinburgh's culture of entrepreneurship, innovation and productivity. We need to ensure that the quality of our city infrastructure and the skills of our workforce continue to develop and meet the needs of businesses and investors.

### *This means that we need to:*

1. Ensure Edinburgh is an easy place for businesses to reach their growth potential by delivering high quality Business Gateway services in Edinburgh, and overseeing the delivery of the service across the Lothians.
2. Support Edinburgh's growing business incubator network and startup ecosystem, and provide support to help businesses internationalise, reach new markets, and access funding.
3. Providing specialised support for key sectors such as cultural and creative industries, tourism, science, technology and knowledge transfer, and social enterprise.
4. Promote Edinburgh's globally competitive key sectors and strengths to attract and support and high quality sustainable inward investment to the city.
5. Protect and improve our ability to attract top level international talent to feed the requirements of our new investors and our growing sectors
6. Create a digitally literate and connected Smart city that encourages better use of digital technology to support innovation.
7. Collaborate with businesses, schools and education providers to share knowledge and develop a strong and inclusive labour market.
8. Work closely with partners to ensure that Edinburgh is a modern, accessible city with 21st century transport solutions and road maintenance.

## Ensure Economic Vitality

### Outcome: **Edinburgh attracts investment to accelerate growth and support the city's development and regeneration**

#### *What are we aiming for?*

We want our city to attract sustainable investment that acts as a driver of regional and national prosperity by making the most of our development and regeneration opportunities.

To deliver this outcome we need our services to work with partners across the region to deliver a City Region Deal with Scottish and UK Governments, including investment in innovation, skills, housing, transport and infrastructure. We also need to continue to work with investors to catalyse development of key and stalled sites across the city, and use investment to improve the quality of life for our neighbourhoods and communities.

#### *This means that we need to:*

1. Support and encourage development in Edinburgh by working with internal and external partners to unlock the potential of stalled and key development sites across the city. Continue to support residential community developments, in particular for brownfield regeneration.
2. Leverage investment into physical regeneration by seeking out and applying to external funding streams, managing the City Strategic Investment Fund, and working with partners to combine resources for physical regeneration in Edinburgh.
3. Agree the City-Region Deal with Scottish and UK Governments and develop a city-region implementation plan, funding model and governance arrangements.
4. Deliver investment in innovation in key sectors such as Health, Data science, Tourism and Culture, and Low Carbon.
5. Work with the Scottish Government, RSLs and developers to deliver investment and accelerate the supply of affordable and mid-market housing in Edinburgh.
6. Continue to support residential community developments particularly for Brownfield regeneration.
7. Work with partners to deliver investment in key strategic infrastructure projects, including transport and digital connectivity.
8. Improve place making through integrating housing led investment with other investment and service development to improve communities and reduce inequality.

## Ensure Economic Vitality

**Outcome: Edinburgh has a vibrant, inclusive labour market where talents of our citizens are fully realised**

### *What are we aiming for?*

We want our city to be built around a vibrant, collaborative and inclusive labour market, where the talents of our citizens are fully realised. We want Edinburgh to be a place where our citizens can look forward to successful careers and a good quality of life. This means being a city in which employers are helped to create good quality opportunities that are accessible to all sections of society, and where successful and innovative businesses are supported to embrace responsible working practices.

To deliver this outcome we need our services to work together to help employers create good quality opportunities that are accessible to all sections of society, and where successful and innovative businesses are supported to embrace responsible working practices. We need to work with businesses and partners to offer our citizens the opportunities to prepare them for work, or re-entering work, and to match the skills needs of employers.

### *This means that we need to:*

1. Develop the partnership and employer engagement activity, undertaken through the Edinburgh Guarantee, with young people and school leavers to improve readiness for work and improve positive outcomes and participation rates among young people and school leavers.
2. Manage the Council apprenticeship programme and undertake direct training and support of vulnerable jobseekers as part of a pipeline of support.
3. Deliver an integrated and tailored employability and skills development service for job seekers and those on low wages.
4. Deliver local targeted employability support for regeneration areas in localities across the city.
5. Align the Council's housing and investment strategy and employability strategy to provide education, training and job opportunities for council tenants.
6. Collaborate with partners and employers to improve opportunities for vulnerable individuals in Edinburgh to overcome barriers to work, learning and future career prospects.
7. Agree a regional skills plan to support the City Deal investment proposals and ensure that our residents are equipped with the skills needed to meet emerging labour market opportunities.



## Ensure Economic Vitality

**Outcome: Edinburgh's growth is inclusive and shared fairly across all our communities, reducing poverty and inequality**

### *What are we aiming for?*

We are proud that Edinburgh is one of the UK's most successful cities and that this success drives the high standard of living that many of our citizens enjoy. But we also know that not all of our citizens share in this success and that our city also includes some of the most deprived communities in Scotland. We want Edinburgh to be a more fair and inclusive city, in which poverty is reduced and in which the benefits of economic growth are shared more equally across all our communities.

To deliver this outcome we need our services to work together to intervene early and prevent poverty by reducing living costs and maximising income for vulnerable families. We need to work together to prevent poverty among children and young people, working families and families in later life. We also need to work to ensure that our citizens are supported to secure sustainable employment opportunities and lead successful careers.

### *This means that we need to:*

1. Provide support to help reduce living costs for vulnerable families, including support to manage energy, food, and other household costs, advice services to maximise benefits income and manage debts; support to reduce the cost of the school day for families with children; as well as hardship support for households in crisis.
2. Improve the availability of good quality, affordable housing in Edinburgh, and prioritise investment in modernising homes and services which reduce the cost of living for tenants.
3. Deliver a homelessness prevention programme to ensure that fewer people go into and spend less time in temporary accommodation.
4. Prevent and mitigate effects of poverty in childhood by providing family support services which improve health and wellbeing in early years and help families balance the demands of work and parenting.
5. Ensure that poverty and low incomes do not affect the life chances of our young people, by improving education outcomes and closing the attainment gap between the most and least disadvantaged children and young people in our city.
6. Work with partners to ensure that employers are helped to create good quality opportunities that are accessible to all sections of society, and support vulnerable individuals in Edinburgh to overcome barriers to work, learning and future career prospects.
7. Work with partners to prevent and mitigate the effects of poverty in later life, including work to improve health and wellbeing and prevent social isolation.
8. Support the Edinburgh Health and Social Care Partnership to engage with communities to reduce gaps in life expectancy and in measures of ill health across the city.

## Build Excellent Places

**Outcome: Edinburgh is a liveable city, built around communities with access to the housing, facilities and amenities that meet their needs**

### *What are we aiming for?*

We want Edinburgh to be a great place to live and a city with a clear identity which inspires a sense of belonging for all of our citizens and in particular our most vulnerable people. We also want our city to be an easy place to live, in which our citizens have good quality housing options and easy access to the facilities and amenities they rely on.

To deliver this outcome we need our services to work together to provide access to affordable and diverse housing options, excellent public transport, and a safe walking and cycling environment. We also need to work to improve access to good quality public open spaces, as well as access to education, leisure, health and social services.

### *This means that we need to:*

1. Increase the Council's house building programme and work with partners to invest in affordable housing across the city, whilst investing in modernising council homes.
2. As part of "Right Care, Right Place, Right time" facilitate the continued move towards community-based care by ensuring that models of care, such as hospital at home, are available to support the full range of needs.
3. Deliver accessible and inclusive schools, community and social care services. This includes appropriate adaptations for community facilities and foster carers' homes.
4. Improve how we develop our open and green spaces across the city to benefit communities' health and wellbeing through the open space strategy. Maintain high quality green and open spaces and ensure our streets are clean and free of litter & graffiti.
5. Ensure improved community access to Council facilities, such as schools, to nurture local clubs, classes and associations.
6. Improve place making through integrating regeneration and development to reduce inequality and involve communities in service design and delivery.
7. Deliver an accessible 21st century transport solution and good quality road maintenance. This includes safe walking and cycling routes as well as access to public & specialist transport, improved road safety, and improved access to transport for our vulnerable citizens to reduce isolation.
8. Ensure Edinburgh is a safe and protected city for residents, visitors, and businesses.
9. Promote cultural, sporting and learning opportunities and improve how citizens can access these.
10. Improve the city's built environment resilience to change or sudden disruption, for example flood prevention infrastructure.

## Build Excellent Places

**Outcome: Edinburgh's natural environment and open spaces are clean, attractive and well looked after**

### *What are we aiming for?*

Edinburgh's natural environment and green spaces are one of the most important contributors to the quality of life and wellbeing of our residents. We want Edinburgh to remain a beautiful city, in which residents and visitors can enjoy our open spaces and our unique environment.

To deliver this outcome we need our services to work together to ensure people have access to a clean, safe environment with clean air and water and protection from climate change impacts. We need to make sure that the Council leads by example by encouraging communities and businesses to take positive actions and use resources sustainably.

### *This means that we need to:*

1. Maintain our high quality parks and green, open spaces, including the development of outdoor play for children and young people and improving the experiences of all citizens.
2. Deliver effective waste and recycling services to facilitate a reduction in the city's consumption and improve customer satisfaction.
3. Ensure streets are clean whilst reducing the local environmental impact of our consumption and production.
4. Transform energy use and empower its communities to make informed and sustainable choices regarding their energy consumption.
5. Develop community responsibility and accountability for the local environment through ongoing engagement, including consultation with local businesses. Continue also to deliver effective sustainability education in schools.
6. Involve and engage with communities in the design of their local environment and the delivery of associated services, developing a spirit of collaboration between citizens and public sector services.
7. Share our assets and property effectively both citywide and across the localities, utilising principles of co-ownership, co-location and co-production.
8. Ensure council homes are well managed and meet Quality and Energy Efficiency Standards.

## Build Excellent Places

**Outcome: Edinburgh's unique heritage and built environment are protected and developed**

### *What are we aiming for?*

Edinburgh's strong visual identity and its years of history make a major contribution to the real sense of pride and belonging our citizens feel for their city. We want Edinburgh to protect and develop these assets, making sure that our city continues to be recognised throughout the world for its unique built environment.

To deliver this outcome we need our services to work together to ensure that our built environment assets are protected, maintained and developed to contribute to the health and wellbeing of our citizens.

### *This means that we need to:*

1. Continue to develop and maintain the city's heritage, ensuring it is fit for purpose and sustainable into the future.
2. Ensure long term sustainability of our modern and historical built environment through embedding the goals of sustainable development.
3. Deliver the Local Development Plan Action programme to address infrastructure constraints on development.
4. Support and encourage development in Edinburgh by working with internal and external partners to unlock the potential of stalled and key development sites across the city.
5. Use placemaking with locality teams to improve community planning and prioritise local development issues.
6. Ensure that Edinburgh's planning and building standards service is accessible through modern channels making it easier for customers to apply and understand the necessary constraints of planning services.
7. Prioritise investment in modernising homes and services which reduce the cost of living for tenants.
8. Continue to support, promote and develop cultural venues across the city to world class standards.
9. Provide a modern education, healthcare and community infrastructure which fit their setting and are accessible and beneficial to all.

## Build Excellent Places

**Outcome: Edinburgh is an accessible, connected city with first-class modern infrastructure**

### *What are we aiming for?*

We want Edinburgh to be a city in which it is easy to move around, with first class infrastructure which meets the needs of the 21<sup>st</sup> century.

To deliver this outcome we need our services to work together to ensure that movement in and around our growing city is managed to help people and businesses trade, meet, participate and move about safely and easily. We need to make sure that all our communities are enabled to access all the services and opportunities the city offers.

### *This means that we need to:*

1. Ensure the city is supported by an effective planning and transport network that ensures people and vehicles can move around the city efficiently.
2. Make planning and building standards accessible through modern channels.
3. Provide services locally, focusing on people's priorities, sharing resources and working effectively with partners.
4. Provide people with integrated, neighbourhood places for engagement, employability, leisure and learning.
5. Continue to develop our ICT and Digital Strategy and infrastructure, for residents, businesses and visitors.
6. Ensure plans are in place to ensure business as usual within the organisation, city and with partners and to guard against change and sudden disruption.
7. Ensure citizens have access to health care services within their community. Prioritise care at home, through effective assessment of needs and ensuring appropriate adaptations can be made.
8. Maintain and develop high quality, modern school facilities within localities to match the ambitions for attainment, positive destinations and improvements to community access.

## Deliver Lean and Agile Services

### Outcome: Focused on Customers

*We are focused on putting our customers first by building services around their priorities and providing easy access to quality services with the right behaviours, processes and enabling technology*

We want to be an organisation that is focused on delivering positive outcomes for our customers. To achieve this we must improve how we listen to them, anticipate their needs and involve them in designing services whilst making it clear what they can expect from us. We must have a clear, visible and transparent approach to the way we manage and improve customer experience.

Our organisation must be focused on the delivery of local and individual priorities. This work should be led by our frontline employees who have an in depth understanding of our customers' needs. We need to also continuously measure the impacts on our customers as a result of our organisational transformation.

The Council must make it easier for our customers to access our services and ensure they can make informed choices. We need to improve how we keep our customers in the loop and give them better information about how we are managing their request or issues. To deliver this, we need to be ambitious in driving forward more cost-effective access channels, ensuring the web enhances customer experience and face-to-face interaction is available for those who really need it.

We need to ensure that we treat our customers with respect and listen to their feedback. To do this, the Council must change how we engage and work with communities and individuals, delivering more sophisticated and targeted communications.

Finally, we want to ensure our customers have a voice, enabling us to understand more about their experiences. We need to use this information to develop our services, to put things right, and avoid future service failure.

*This means that we need to focus on the following areas of work:*

- **Locality Operating Model** – Approach to take us beyond operational silos to enable a seamless customer experience and consistent level of quality customer service.
- **Relationship with Citizens** - Establish a more mutually beneficial relationship with citizens to clarify our commitment to them and theirs to us.
- **Service Channels** - Establish effective alternative service delivery channels and encourage more customers to move to the most suitable and sustainable option for their needs
- **Customer Communications** - Embed a consistent quality of customer interaction over multiple channels, services and functions. It should effectively engage and empower our people to lead on quality customer experience.
- **Service Failure** - Reduce failure demand through eliminating unnecessary and expensive contact, engage customers in new innovative ways and create positive outcomes.
- **Customer Insight** – Better understand to manage the customer journey end to end with actionable insight, ensuring we respond effectively to needs and feedback.

## Deliver Lean and Agile Services

### Outcome: Integrated Services

*We work effectively across the organisation and with our partners to deliver joined up, seamless services for our citizens and communities*

We want to be an organisation with services that work effectively together and with our partners for the benefit of our citizens and communities. To do this, we need to offer a joined up, seamless customer experience with a consistent corporate approach to service delivery. Our services should complement each other and understand the impact they make by doing so. Working in partnership with shared goals means we can deliver on the outcomes that are important to our communities and enables us to plan further into the future and stand up to unexpected change. Securing effective integration gives us the ability to be more proactive and offer improved preventative services for our most vulnerable citizens.

Further service integration means that our customers can expect to receive the same level of service, regardless of the purpose of their request or their location. To enable this we need to streamline how we deliver customer and business support services through process improvement, standardisation and self service. We want to drive out duplication and make optimum use of our ICT and Digital estate to facilitate how we can do business more efficiently.

We need frontline services and partners that work together in localities to focus on local needs and treat customers equally. To deliver this, we need to set up effective cross-function locality teams, led in partnership by local boards, with an in-depth understanding of their priorities.

We want to be an organisation that shares our resources, property and assets equitably across the organisation and with our partners to maximise value for money. We want to build on the principles of co-location to deliver tangible benefits in terms of both customer outcomes as well as financial sustainability.

*This means that we need to focus on the following areas of work:*

- **Shared Outcomes** - Articulate across the organisation, and with partners, our shared outcomes that reflect community priorities.
- **Integrated Services** - Deliver more joined up and integrated customer and business support services through process improvement, standardisation and self service.
- **Locality Operating Model** - Deliver community priorities within our locality operating model through service co-location, improved sharing of resources and more effective partnership working.
- **Asset Sharing** - Enable effective resource sharing of our property and assets to maximise value for money and increase co-location.
- **Third Party Payments** - Improve how third party payments are managed across the city towards co-production of outputs, outcomes and investment.

## Deliver Lean and Agile Services

### Outcome: Empowered Communities

*We engage with and empower our communities to become more resilient by enabling citizen led service design and foster a spirit of collaboration*

We want to be an organisation that involves and engages with our communities to design how services are delivered. We want our communities to feel more empowered to have a say on their needs and priorities. We will do this through continuing to improve our approach to engagement, ensuring we make particular effort to consult with traditionally harder to reach citizens.

We want everybody to live in a city where they feel safe, have a sense of belonging and of improving wellbeing. We want to focus on embedding active citizenship and local resilience and improve this through a range of initiatives.

We want to encourage our citizens to lead the design of our locality improvement plans to ensure focus on their priorities. We need to communicate more clearly the constraints and challenges the organisation is under and use their insight to be more efficient with the resources available. We want our citizens to feel empowered and accountable for local assets by involving them in strategic decisions about our estate.

Local leadership teams need to feel more empowered to take action for the benefit of their community. We will approach this through devolved decision making and developing a more mature attitude towards risk.

The organisation needs to continue to build on the principles of co-production and share insight across the Council and with our partners to improve how we respond and plan for local needs.

*This means that we need to focus on the following areas of work:*

- **Citizenship/Cohesion/Resilience** - Promote and encourage active citizenship, community cohesion and local resilience to support a sense of safety, belonging and wellbeing.
- **Locality Operating Model** - Deliver the locality operating model to improve partnership working, build capacity and become more responsive to local priorities. Establish locality leadership teams with autonomy to enable flexible and devolved decision making.
- **Locality Improvement Plans** - Empower our citizens to shape the conception of locality improvement plans to deliver better outcomes and improved customer experiences.
- **Asset Sharing/Rationalisation** – Improve how assets are shared and utilised both locally and across the city, ensuring a more fit for purpose estate with lower operating costs. Improve accountability for the use of local assets and assess decisions about assets based on performance and costs.



## Deliver Lean and Agile Services

### Outcome: Value for Money

*We make best use of our assets, resources and facilities through focusing on local priorities and capacity building. We maximise our income and ensure robust governance is in place*

We want to be an organisation that manages our budget more effectively. We want to plan our services further into the future to ensure long term sustainability and have the capacity to deal with unexpected change. Our savings challenge requires us to be more forward thinking and have the courage to take bold decisions for the benefit of all communities.

We want to be an organisation that can maximise our potential investment returns from both traditional and non-core, future revenue streams. To do this we need to explore commercial opportunities and give our citizens choices to ensure long term sustainability. We want to continue to be an organisation that has control of our borrowing with greater focus on reducing the associated costs of this.

We want to be an organisation that manages our assets for maximum stakeholder value with a fit for purpose, rationalised and safe estate. We need to have class leading commercial and procurement practices that are sustainable and realise benefits for our customers and our local supply chain. This also involves managing our contracts well and fostering a mature and sophisticated attitude towards our risks and controls.

*This means that we need to focus on the following areas of work:*

- **Financial** – Manage our financial risks and controls to deliver a balanced budget whilst achieving savings through maximising returns on our investments and reducing our borrowing costs.
- **Procurement** – Deliver leading commercial procurement processes across the organisation, based on the principles of sustainability and maximising both value for money and realisation of benefits for our customers.
- **Governance** – Develop an effective controls framework whilst embedding strengthened risk management and audit services.
- **Income** – Continue to improve the rate of collection of Council tax, non-domestic rates and other income sources such as assets through improved customer journeys. Aim to maximise income streams from all core and non-core sources.

## Deliver Lean and Agile Services

### Outcome: Sustainable Capital City

*We are a forward-looking, resilient organisation which is fit for purpose and can respond effectively to change*

We are an organisation that is committed to sustainability. We want the city to be a place which can develop and thrive whilst sustaining our quality of life, our economic vitality and continuing to build and maintain excellent places.

We want our citizens to work with us towards a sustainable city. We want them to be well educated and well looked after, with particular focus on the most vulnerable. We want to be a city without poverty and with improving health and wellbeing. Our aim is to continue to support gender equality, increasing economic growth and reducing inequalities through cohesive and resilient communities.

We want our built and natural environment to be climate ready and encourage responsible consumption and production. We want our infrastructure to be fit for purpose and resilient. We want to transform our organisation and deliver services more efficiently, planning for the future with the ability to stand up to change.

We need to build a sustainable city economy around our existing industries, fostering innovation, supporting new and existing digital streams and encouraging a circular economy. We need to focus on nurturing local businesses with support for local supply chains. We need to demonstrate how we will use our resources, people and finances more sustainably whilst supporting greater innovation for businesses and citizens. We also need to improve the resilience of our services and our communities, inspiring ownership and accountability as well as transforming the way our organisation operates to optimise our capacity.

*This means that we need to focus on the following areas of work:*

- **Strategic Framework** - Deliver the plans set out in our strategic framework towards City Vision and ensure long term effective working with partners and stakeholders. Continue to implement Sustainable Edinburgh 2020, whilst building on our strategic plans and policies related education, finance, health, investment, environment and poverty & inequality.
- **Locality Operating Model** – Deliver local priorities through services planned for long term sustainability through joined up working with partners and a focus on best value principles. Focus on the most vulnerable citizens, directing services to those in poverty and encouraging accountability for our environment through responsible consumption and production
- **Resilience** – Maintain effective resilience planning on a multi-agency basis, building on our ability to respond to change and sudden disruption through business continuity, resilience plans, community risk register and understanding dependencies on critical infrastructure.
- **Business** – Continue to nurture a circular economy and environment where businesses can grow and thrive whilst attracting international industries.
- **Transformation** – Ensure the Council is a fit for purpose organisation that understands its optimum service capacity. Re-engineer processes & services and improve workforce agility through cross-function working and dynamic team structures.

## Deliver Lean and Agile Services

### Outcome: High Performing People

*We are an organisation which understands the characteristics of our current people and our future requirements*

To achieve the scale of transformational change required across the organisation, we need to have a thorough understanding of the capability and capacity of our people. We also need to be able to predict the requirements of a future workforce, ensuring it is fit for purpose and right-sized. We need our workforce to be representative of the make up of our city. This is achievable through more sophisticated workforce planning and performance management.

We want to be an organisation that engages well with our people and uses frontline and back office intelligence and insight to plan our services. We will do this through improving staff engagement and consultation and making better use of the feedback by incorporating it in to strategy and service planning.

We want to be an organisation that nurtures talent and develops skills. The ability to attract talent to our organisation is a key attribute to develop a fit for the future workforce. We want to reward our people for high performance and as a result make them feel more valued. We want people to be motivated and share our corporate values and behaviours.

The organisation needs our people to feel empowered to make decisions locally to achieve better outcomes for our citizens and, in particular, respond more effectively to our most vulnerable customers. We want to be an organisation where bureaucracy does not hinder management of our people, supporting managers to spend less time on HR processes and more time delivering services.

*This means that we need to focus on the following areas of work:*

- **Our current people and workforce Insight** – Develop an in depth understanding of our current and future workforce requirements. This enables ongoing rationalisation and ensures the organisation continues to be fit for purpose. Furthermore, continue to develop how we engage with our employees and support them to develop the skills required to achieve transformation.
- **Transformation** – Develop a culture of integrated working where transformation is embedded.
- **People Strategy and Development** – Develop a framework for leadership and senior management to include focus on encouraging budget accountability and decision making.
- **HR Policies** – Embed flexible workforce policies to nurture our customer focused culture and deliver transformation.

# Council Business Plan 2016-20

## Appendix 2: Financial Plan

### Introduction

The purpose of this financial plan is to set out the Council's approach to meeting its savings requirements over the period to 2019/20. The plan provides an overview of financial savings to be delivered by Council services and describes the changes we need to make in order to deliver a balanced budget.

These savings and changes are made within the strategic context set out in the Council Business Plan and are underpinned by the six future service principles described in that plan.

### Strategic direction

The Council Business Plan sets out the strategic direction for the Council to 2020 and the approaches we need to take in order to meet our objectives. The plan describes a vision for the city and identifies four strategic aims to guide the work of all Council services.

A core driver behind the plan is the recognition that the Council needs to provide value for money for all its citizens. This means delivering a sustainable balanced budget while meeting the needs of customers and service users. As such, the need for sound financial management forms a key foundation of the plan and this financial plan identifies the funding challenge facing the Council over the next few years, as well as the expenditure and the savings we are committed to making.

### Council Strategic vision and purpose

Edinburgh is a thriving, sustainable capital city  
in which all forms of deprivation and inequality are reduced

To deliver this vision, services focus their work around the following strategic aims

Improve Quality  
of Life

Ensure Economic  
Vitality

Build Excellent  
Places

Deliver Lean and Agile Services

## Budget challenge

While delivering the Council's vision, the Business Plan recognises that the Council continues to operate in a challenging environment, with increasing demand for services at a time of on-going financial constraint. In January 2016, a budget framework update to the Finance and Resources Committee reported an overall requirement to identify and deliver at least £148 million of recurring annual savings by 2019/20. This savings requirement reflected increased expenditure pressures resulting from three main factors:

- **Demographic and wider socio-economic change** - in particular growing numbers of school pupils, at-risk children, older people and those with physical and/or learning disabilities. Over the period from 2015/16 to 2019/20, the Council's budget framework assumes an increased annual spending requirement of over £50m in respect of these demographic-related factors;
- **The effects of inflation** on the Council's direct and indirect expenditure, amounting to over £12m in 2016/17 alone; and
- **Additional direct or indirect costs arising from legislative change**, particularly as a result of welfare and pensions reform. Changes in National Insurance rates effective from April 2016, for example, have added almost £10m to the Council's employee costs in 2016/17. The budget framework also reflects significant additional expenditure requirements associated with the introduction of a UK-wide apprenticeship levy in April 2017 and incremental increases in employer's pension contributions from 2018/19.

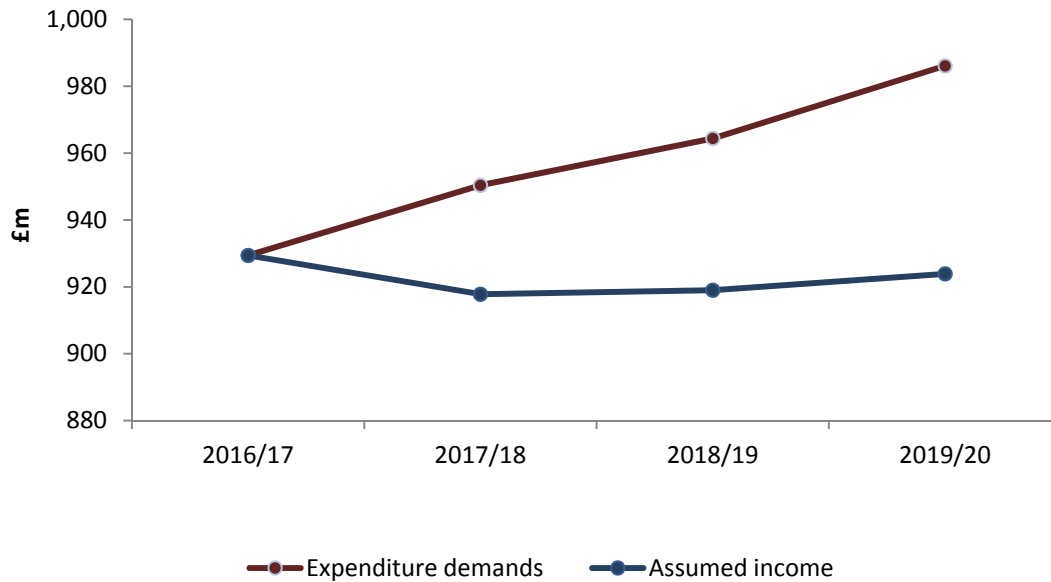
In addition to these, the budget framework recognises underlying demand-led pressures in areas such as Health and Social Care. In response to this, the framework has provided on-going additional investment in 2016/17 in this area, funded through the identification of further savings in other services. This has provided greater stability as these services are further integrated with complementary services provided by NHS Lothian. At the same time, the proposals within the framework have supported the move from institutionalised to home-based settings, promoting independence whilst delivering financial savings enabling reinvestment within the service.

## Funding Levels

In contrast to rising service demand, the Council anticipates that overall funding levels available for service delivery will continue to reduce significantly in real terms during the period covered by this business plan. In September 2016, a budget framework update report considered by the Finance and Resources Committee described the funding expected and savings required by the Council in the period to 2019/20, and incorporated a revised downwards projected annual level of grant funding support. Following this, the 2017/18 Local Government Finance Settlement announcement on 15 December 2016 confirmed an overall year-on-year cash-terms reduction of 2.9%, after taking into account additional retained Council Tax income linked to revisions to multipliers for higher-banded properties. With regard to future years beyond 2017/18, the framework incorporates assumptions on funding levels, though these will be reconsidered in line with future budget settlements to identify any potential further savings that may be required.

The impact of these assumptions is set out in the chart below which illustrates the corresponding value of savings requiring to be agreed over the period of the framework to maintain expenditure in line with available income.

Estimated expenditure requirement and like-for-like available funding, 2016/17 to 2019/20



Within this context of reducing funding, the Council agreed sufficient savings to set a balanced budget for 2016/17 on 21 January 2016, with an indicative balanced budget also agreed for the following two years. At this stage, the framework continues to show a residual need to identify at least £15m of savings in 2019/20, with at least a further £11m required in 2020/21. As noted above, however, it is anticipated that this sum may increase significantly once updated assessments of available funding, infrastructure and other commitments are incorporated, emphasising a need for further service transformation, prioritisation and a continuing shift towards preventative expenditure to secure financial sustainability.

## Future Service Principles

In order to make our proposed savings without compromising the Council vision and purpose, it is vital that services work together around a shared set of guiding principles. These principles describe a common approach to refocusing the way the Council delivers its services and manages its finances:

### Focused on Customers

The Council's approach to delivering our savings is based on redesigning services around the priorities of our customers, and ensuring the city's most vulnerable people are protected. Focus is placed on areas where demand for a service is changing or where different models can provide improved efficiency and better outcomes such as preventative and early intervention.

### Integrated Services

A common theme across plans is the need to integrate our services and partners around common geography and shared objectives and outcomes. Plans aim to deliver savings through integrated service delivery models including locality structures, co-location, asset and resource sharing and further partner integration.

### Empowered Communities

As locality operating models begin to take shape, there are plans in place to focus on developing new co-operative and social enterprise models including the use of outreach services and community-based and led service provision. To deliver this, it is important to foster a culture of shared ownership and accountability of service delivery and budgets with citizens.

### Sustainable Capital City

Plans aim for long term sustainability through radical and transformational change. To ensure delivery of the organisation's plans, the Council's budgets must be managed for longer term benefit through delivery of challenging targets.

### Value for Money

The Council's plans aim to ensure long term financial sustainability, fair maximisation of income and efficient use of assets and resources. Actions are in place to identify new sources of revenue and ensure assets are utilised optimally. Financial sustainability relies on maintaining earmarked and unallocated reserves at appropriate levels and undertaking additional borrowing and investment only when it is prudent and affordable in the longer term.

### High Performing People

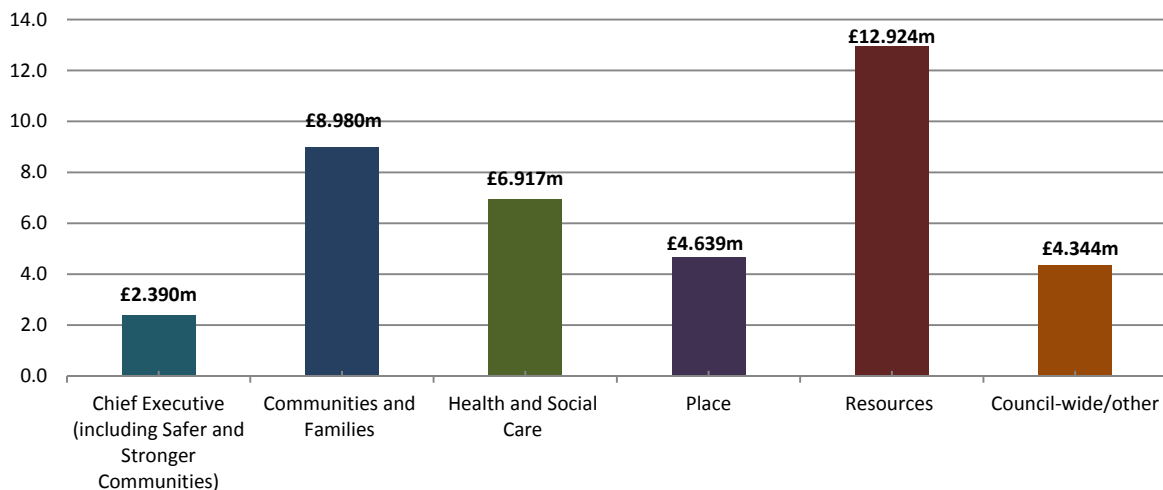
Plans include a commitment to continue to invest in our people and ensure they feel engaged and empowered. Actions include continuing a cost effective and timely reduction of the Council's workforce while ensuring the organisation retains and develops the skills and talents required to deliver its vision.

## Meeting our savings requirements

In addressing the majority of the Council's estimated overall savings requirement to 2019/20, almost £134m of savings have been approved since 2015/16. Of this, £40.2m of savings have been approved for delivery from 2017/18 and are set out in Appendix 1. These will be supplemented by the small number of additional savings required in light of the combined impact of the 2017/18 Local Government Finance Settlement, residual pressures and savings shortfalls once the budget is confirmed.

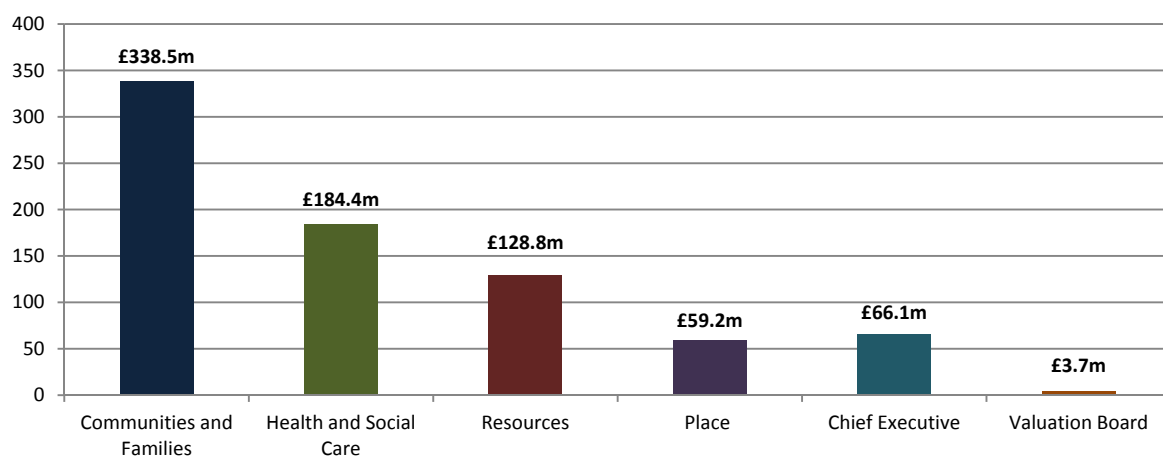
While a number of savings have also been approved for delivery in 2018/19 and 2019/20, it is anticipated that further sums will be required to manage the combined impact of funding settlements, infrastructural requirements and additional expenditure linked to the delivery of other priorities and commitments.

## Approved savings by Directorate, 2017/18



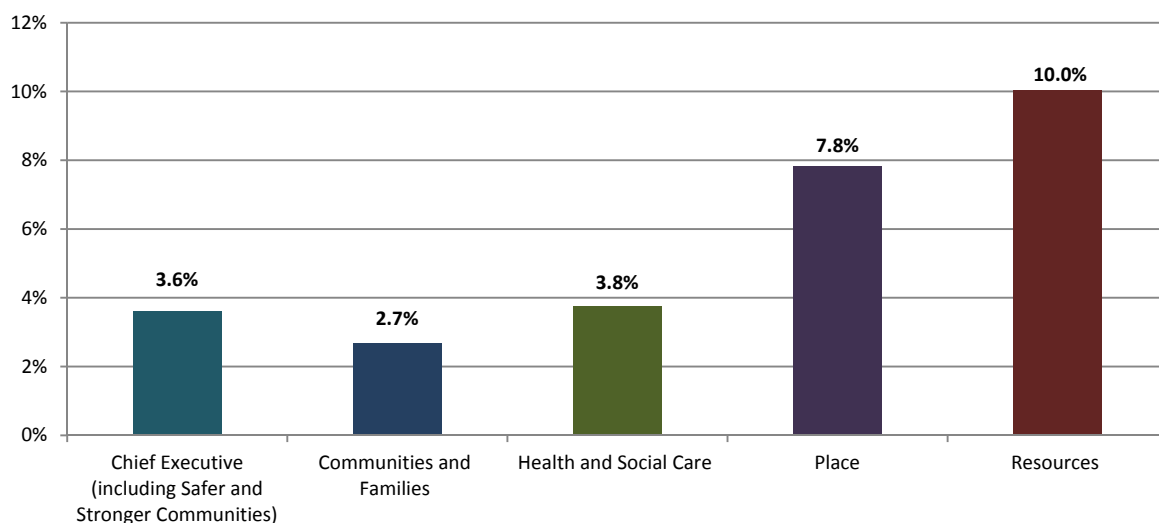
The approved savings by Directorates are detailed above. Whilst acknowledging the savings challenge presented to the organisation, it is worth noting the significant investment in services that will continue throughout the life of this plan. Overall Directorate expenditure is detailed below and highlights the combined investment in both service delivery as well as organisational transformation.

## Estimated expenditure by service areas, 2017/18



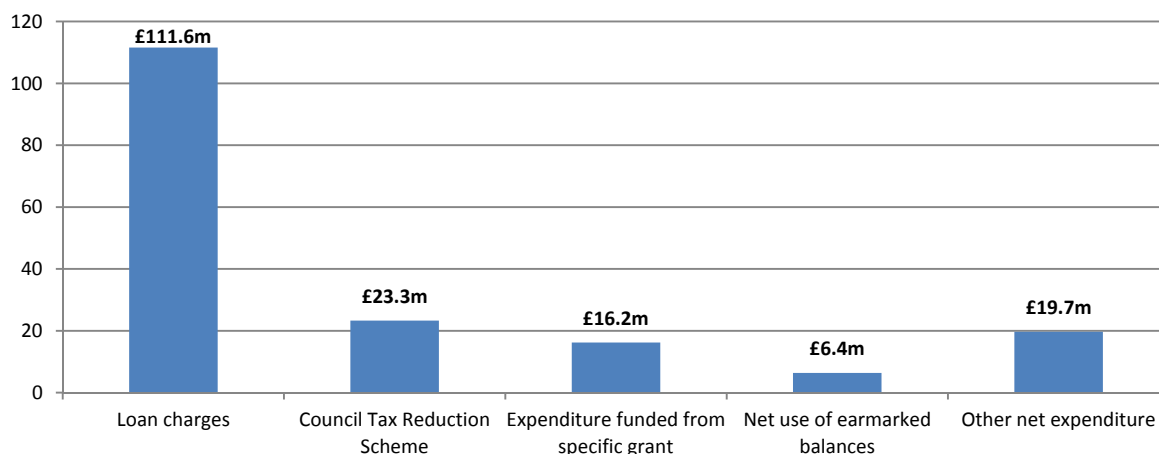


### Approved savings by Directorate, 2017/18 (expressed as proportion of net service budget)



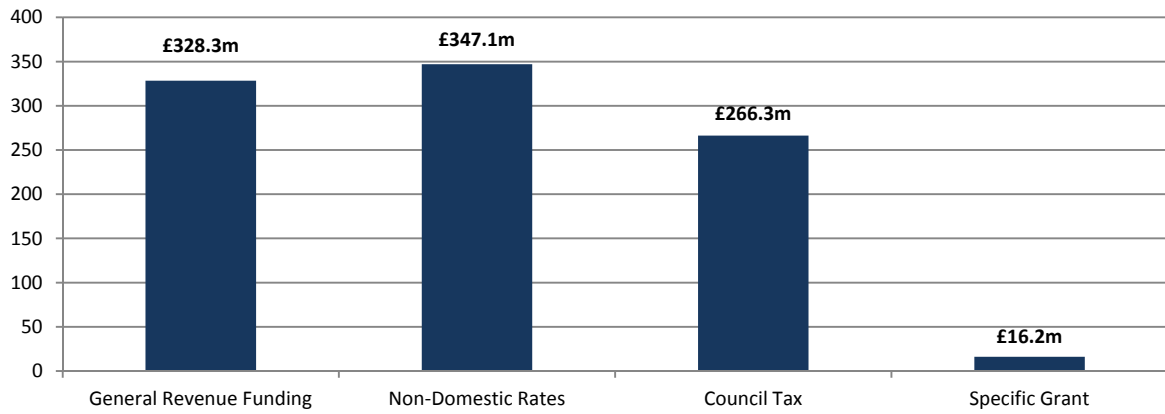
The graph above highlights the organisation's overall approved savings expressed as a proportion of Directorate budgets. Whilst the Council does face a significant savings challenge, this demonstrates the ongoing commitment to investing primarily in services to deliver our objectives and ensure positive outcomes for our customers. There remains, nonetheless, a need to identify further savings through service transformation, prioritisation and more focused investment in preventative activity to maximise the level of resources available for these priorities.

### Other estimated expenditure, 2017/18



Above are details of the Council's other expenditure outwith Directorate budgets. This expenditure includes long term borrowing costs, investment in transformation and a focus on supporting our customers through the challenges of welfare reform.

### Assumed funding sources, 2017/18



Finally, this graph highlights the Council's assumed sources of income for the next financial year. Whilst challenging, over the lifetime of this plan the levels of income expected to be received by the Council continue to represent an opportunity to invest in the priorities of our citizens and meet the vision for our city, set out in the Council business plan.

### Approved savings for delivery, 2017/18 to 2019/20

NB The following analysis sets out the savings as approved in the respective budget motions and which, by extension, form the basis of the budget framework. In a small number of cases, barriers to delivery have been identified and, as such, this table should be read in conjunction with Appendix 2 of the [revenue budget framework report](#) considered by the Finance and Resources Committee on 19 January 2017.

#### Chief Executive

Division	Savings Package	Savings 2017/18 £m	Savings 2018/19 £m	Savings 2019/20 £m
Chief Executive	Workforce savings	0.010	0.000	0.000
ICT	Digital and IT	0.348	0.000	0.000
ICT	Information Management	0.140	0.000	0.000
Safer and Stronger Communities	Re-design of Safer and Stronger Communities (including Advice)	0.880	0.000	0.000
Safer and Stronger Communities	Re-design of Homelessness Services (General Fund share)	0.098	0.000	0.000
Safer and Stronger Communities	CCTV rationalisation/combination of services	0.160	0.000	0.000
Strategy	Strategy and Insight	0.330	0.000	0.000
Strategy	Transformation and Business Change	0.317	0.000	0.000
Strategy	Members' Services	0.107	0.000	0.000
<b>Total Chief Executive (including Safer and Stronger Communities) savings</b>		<b>2.390</b>	<b>0.000</b>	<b>0.000</b>

## Communities and Families

Division	Savings Package	Savings 2017/18 £m	Savings 2018/19 £m	Savings 2019/20 £m
All service	Management	1.095	0.000	0.000
All service	C&F Third Party Payments	0.119	0.000	0.000
All service	Sport Third Party Payments	0.407	0.000	0.000
Children's Services	Efficiencies within social, emotional and behavioural needs (SEBN) secondary provision	0.675	0.000	0.000
Children's Services	Review of support staff within all Special Schools	0.292	0.148	0.000
Children's Services	Reduce residential provision by four beds	0.250	0.267	0.000
Children's Services	Reconfiguration of residential provision	0.076	0.000	0.000
Children's Services	Reconfigure primary and secondary social, emotional and behaviour difficulties support	0.073	0.000	0.000
Children's Services	Parenting support review	0.050	0.000	0.000
Children's Services	Family Solutions review	0.102	0.000	0.000
Children's Services	Review allowances within family-based care	0.158	0.000	0.000
Children's Services	Review of early years services	0.191	0.000	0.000
Children's Services	Review of internal and purchased residential services	0.615	0.000	0.000
Children's Services	Review of special school budgets	0.010	0.000	0.000
Children's Services	Reduce use of independent foster carers less related investment	0.333	0.000	0.000
Children's Services	Reduce use of independent education-related placements	0.200	0.000	0.000
Schools and Lifelong Learning	Redesign of Libraries Service	2.546	0.000	0.000
Schools and Lifelong Learning	Redesign of Music Instructor Service	1.668	0.000	0.000
Schools and Lifelong Learning	Prioritise the funding which supports schools in areas of deprivation	0.070	0.000	0.000
Schools and Lifelong Learning	Efficiencies in the revenue implications of infrastructure development	0.050	0.000	0.000
<b>Total Communities and Families savings</b>		<b>8.980</b>	<b>0.415</b>	<b>0.000</b>

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## Health and Social Care

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Division	Savings Package	Savings 2017/18 £m	Savings 2018/19 £m	Savings 2019/20 £m
Mental Health	Mental Health and Addiction services - redesign respite pathway	0.080	0.000	0.000
Service-wide	Transformation: Organisational Review	5.437	0.000	0.000
Service-wide	Transformation: re-ablement, demand management and telecare	4.943	0.000	0.000
Service-wide	Social Care Fund	-3.543	0.000	0.000
<b>Total Health and Social Care savings</b>		<b>6.917</b>	<b>0.000</b>	<b>0.000</b>

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<b>Place</b>				
<b>Division</b>	<b>Savings Package</b>	<b>Savings 2017/18 £m</b>	<b>Savings 2018/19 £m</b>	<b>Savings 2019/20 £m</b>
All service	Management	0.544	0.000	0.000
Culture	Culture Third Party Payments	0.155	0.155	0.052
Culture	Culture service restructure	0.123	0.000	0.000
Culture	Review funding arrangements for Winter Festivals	0.400	0.000	0.000
Culture	Develop workforce plans and review staffing mix	0.040	0.000	0.000
Culture	Assembly Rooms - additional income each year until 2017/18	0.050	0.000	0.000
Culture	Usher Hall - additional income each year until 2017/18	0.036	0.000	0.000
Culture	Museums - additional income each year until 2017/18	0.032	0.000	0.000
Culture	Increased income for Scott and Nelson Monuments	0.010	0.000	0.000
Culture	Further income from Assembly Rooms, Usher Hall and Museums	0.125	0.000	0.000
Economy	Workforce savings	0.010	0.000	0.000
Economy	Economy Third Party Payments	0.154	0.000	0.000
Environment	Public Health	0.154	0.000	0.000
Environment	Parks and Greenspace	0.236	0.000	0.000
Environment	Task Force	0.383	0.000	0.000
Environment	Waste Services	0.364	0.000	0.000
Environment	Efficiencies in the Waste Service	0.000	-0.500	-0.500
Environment	Reduce internal transport	0.100	0.000	0.000
Environment	In-source - efficient use of vehicles	0.050	0.000	0.000
Environment	Additional savings through internal improvement plan	0.009	0.000	0.000
Housing and Regulatory Services	Licensing and Trading Standards	0.040	0.000	0.000
Housing and Regulatory Services	Stop Repairs and Maintenance of Stair Lighting Service in Tenements	0.250	0.000	0.000
Planning and Transport	Transport	0.324	0.000	0.000
Planning and Transport	Increase parking charges by an average of 4.5% per year over four years	1.050	0.000	0.000
<b>Total Place Savings</b>		<b>4.639</b>	<b>-0.345</b>	<b>-0.448</b>

## Resources

Division	Savings Package	Savings 2017/18 £m	Savings 2018/19 £m	Savings 2019/20 £m
Corporate Property and Facilities Management	Asset Management (gross savings)	0.800	4.200	0.400
Corporate Property and Facilities Management	More efficient use of Council buildings and land	1.606	-0.700	0.000
Corporate Property and Facilities Management	Additional savings through internal improvement plan	0.345	0.000	0.000
Customer	Business Support	5.540	0.000	0.000
Customer	Customer Services	2.776	0.000	0.000
Customer	Efficiencies across Customer Services	0.302	0.000	0.000
Finance	Finance	0.126	0.000	0.000
Finance	Commercial and Procurement	0.457	0.000	0.000
Finance	Efficiencies in accounting teams	0.350	0.000	0.000
Human Resources	Human Resources	0.101	0.000	0.000
Legal and Risk	Internal Audit and Risk	0.032	0.000	0.000
Legal and Risk	Legal Services	0.259	0.000	0.000
Resources	Additional income - various	0.030	0.000	0.000
Service-wide	Develop workforce plans and review staffing mix	0.200	0.000	0.000
<b>Total Resources Savings</b>		<b>12.924</b>	<b>3.500</b>	<b>0.400</b>

## Council-wide

All	Savings Package	Savings 2017/18 £m	Savings 2018/19 £m	Savings 2019/20 £m
All	Reduce use of agency staffing by 20% by 2017/18	1.333	0.000	0.000
All	Increase in discretionary income - Retail Price Index (RPI) plus 2%	1.000	1.000	1.000
All	Other net changes	2.011	0.000	0.000
<b>Council-wide savings</b>		<b>4.344</b>	<b>1.000</b>	<b>1.000</b>

# The City of Edinburgh Council

## Our Council Business Plan 2016-20

### Our Vision

Our vision is to ensure that **Edinburgh is a thriving, sustainable capital city** in which all forms of deprivation and inequality are reduced

### Message from our Council Leadership Team

In January 2016 the City of Edinburgh Council published a new Business Plan to provide a strategic vision and direction to guide the work of the Council over the four years from 2016 to 2020. Despite the many changes that have happened in the last 12 months, the underlying principles we set out in our Business Plan remain valid and at the core of our strategic direction. We know, for instance, that demand for our services continues to grow, and that we continue to feel restrictions on Council budgets and resources.

This business plan provides the vision and direction we need to negotiate those challenges. It sets out our plan for the work of the whole Council, describing what we aim to do and how we intend to do it. The aims and outcomes set out here will inform our decision making over the next few years, including how we use our scarce resources and how we deliver our services.

**Andrew Burns**  
*Council Leader*

**Frank Ross**  
*Deputy Council Leader*

**Andrew Kerr**  
*Chief Executive*

### Strategic Aims

The plan sets out the four strategic aims which guide all our work

#### Improve Quality of Life

We aim to ensure that all our citizens are able to fulfil their potential and live in safe, cohesive communities. We aim to ensure that all our citizens enjoy improving health and well-being, and are able to enrich their lives through sport, culture and learning.

#### Ensure Economic Vitality

We aim to ensure that Edinburgh's economy remains globally competitive and a place where businesses can grow. We aim to ensure that we tackle inequality in Edinburgh, so that our growth is fair and inclusive and poverty is reduced.

#### Build Excellent Places

We aim to ensure that Edinburgh is an attractive, liveable city where communities can access to the modern infrastructure, housing and amenities they need. We aim to develop and look after our unique natural and built environments.

### Deliver a lean and agile services

We are committed to providing value for money and ensuring long term sustainability for our citizens. This means making sure all our services are focused on our customers' needs and priorities. It means transforming how we do business and ensure we deliver joined up, integrated services which work together seamlessly with our partners. To help drive this we need to make optimal use of our assets and resources and deliver our services through our engaged, empowered and high performing people.



# The City of Edinburgh Council

## Our Strategic Aims and Outcomes

### Improve Quality of Life

All our citizens are able to **achieve their potential**

Our citizens live in **safe, resilient and cohesive** communities

Our **citizens' lives are enriched** by increased participation in **culture, sport and learning**

Our citizens are **healthier** and enjoy **improved well-being**

### Ensure Economic Vitality

Edinburgh is a **globally competitive** location, where **businesses** can **grow and prosper**

Edinburgh **attracts investment** to accelerate **growth** and support **development and regeneration**

Edinburgh has a vibrant, **inclusive labour market** where **talent is fully realised**

Edinburgh's **growth is inclusive** and shared fairly across communities, **reducing poverty & inequality**

### Build Excellent Places

Edinburgh is a **liveable city**, built around communities with access to the housing, amenities and facilities they need

Edinburgh's **natural environment and open spaces** are clean, attractive and well looked after

Edinburgh's **heritage and unique built environment** are protected and developed

Edinburgh is an **accessible, connected city** with first-class, **modern infrastructure**

*To meet our aim of delivering Lean and Agile Services we need to ensure that we:*

### Deliver Lean & Agile Services

**Focus on Customers**

**Deliver Integrated Services**

**Work with Empowered Communities**

**Provide Value for Money**

**Deliver a Sustainable Capital City**

**Develop a High Performing Workforce**

10.00am, Thursday 9 February 2017

## Edinburgh Schools Inquiry

**Item number** 5.1  
**Report number**  
**Executive/routine**  
**Wards**

### Executive summary

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As a result of investigations following a wall collapse at Oxfords Primary in January 2016, structural issues were identified at schools built under the Public Private Partnership programme (“PPP1”) in Edinburgh between 2002 and 2005. This led to the temporary closure of affected schools and alternative arrangements for children in nearly all the schools having to be urgently put into place.

As detailed in the reports to Corporate Policy and Strategy Committee in May and June 2016, an independent inquiry (“Inquiry”) was instructed into this matter. Professor John Cole CBE was subsequently appointed as the independent Chair of the Inquiry and a remit for the Inquiry was agreed.

Council is requested to consider the findings and recommendations of John Cole’s Inquiry Report, which will be presented by Professor Cole to Council.

### Links

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**Coalition pledges**  
**Council outcomes**  
**Single Outcome Agreement**

## Edinburgh schools

### Recommendations

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- 1.1 It is recommended that the Committee:
  - 1.1.1 note the content of this report and the Inquiry Report presented by John Cole;
  - 1.1.2 note that the Chief Executive has instructed that an officer working group be set up to consider the implications of the Inquiry Report; and
  - 1.1.2 requests an update to Corporate Policy and Strategy Committee prior to the Summer recess confirming the actions that the Council is already, and will be, taking with regard to the matters set out in the Inquiry Report.

### Main report

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- 2.1 The Council contracted a public-private partnership with The Edinburgh Schools Partnership for the design, build, finance and maintenance of ten primary, five secondary, two special schools, a community centre and a secure unit on 14 November 2001 (known as the PPP1 project).
- 2.2 The PPP1 schools were completed between August 2002 and June 2005.
- 2.3 The reports to Corporate Policy and Strategy Committee in May and June 2016 set out further background to this matter.
- 2.4 On 17 May 2016, Corporate Policy & Strategy Committee agreed to instruct the independent Inquiry into this matter.
- 2.5 John Cole was appointed as the independent Chair of the Inquiry and a remit for the Inquiry was agreed with the Chair following consultation with the Group Leaders.
- 2.6 John Cole has now produced his final report and this will be presented to Council.
- 2.7 This Inquiry Report contains a significant amount of detail, including recommendations which have implications for the Council, the construction industry and public bodies generally.
- 2.8 The Chief Executive has instructed that an officer working group be set up to consider the implications of the Inquiry Report. Following consideration of the Inquiry Report, Council officers will make recommendations as to any actions to be taken as a result of the content of the report.

- 2.9 A further report will be submitted to Corporate Policy and Strategy Committee prior to the Summer recess detailing the relevant findings and the actions required.

### **Measures of success**

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- 3.1 The Inquiry provides the Council with assurance as to the reasons for the unfortunate incident and identifies the lessons which can be learned or changes implemented and encourages those identified to ensure those lessons are both learned and implemented.

### **Financial impact**

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- 4.1 It is likely that the findings and recommendations of the Inquiry Report will have a financial impact on the Council. The full impact is as yet unquantified, but will become clearer following a full analysis of the Inquiry Report by officers.
- 4.2 The cost of the Inquiry to date is estimated at £200,000 which is within the budget previously advised to Committee.

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

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- 5.1 There is a risk that the issues of concern identified within the Inquiry Report could exist within other areas of the public sector, including within the Council's wider estate. A programme of inspection works is already in place to assess whether or not this is the case.
- 5.2 Although the exact impacts are yet to be fully considered, the Inquiry Report will have potentially wide-ranging effects upon Council governance processes with regard to implementing similar large projects in the future.

### **Equalities impact**

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- 6.1 There are no direct equalities impacts arising from this report.

### **Sustainability impact**

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- 7.1 There are no direct sustainability impacts arising from this report.

## Consultation and engagement

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- 8.1 Parents, Elected Members, the Scottish Government and various other interested parties have been kept apprised of all developments throughout the incident.

## Background reading/external references

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- 9.1 [Corporate Policy & Strategy Committee – 14 June 2016 – Edinburgh Schools – Independent Inquiry](#)
- 9.2 [Corporate Policy & Strategy Committee – 17 May 2016 – Edinburgh Schools - Report](#)

### Andrew Kerr

Chief Executive

Nick Smith, Head of Legal and Risk

E-mail: [nick.smith@edinburgh.gov.uk](mailto:nick.smith@edinburgh.gov.uk) | Tel: 0131 529 4377

## Links

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**Coalition pledges**

**Council outcomes**

**Single Outcome  
Agreement**

**Appendices**