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Lothian Pension Fund, Lothian Buses Pension Fund and Scottish Homes Pension Fund Annual Report 2017 (and Financial Statements) Unaudited

Item number	8.8
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Executive/routine	
Wards	All

Executive summary

The purpose of this report is to present the unaudited Annual Report for the year ended 31 March 2017 for the Lothian Pension Fund, the Lothian Buses Pension Fund and the Scottish Homes Pension Fund.

A copy of the unaudited Pension Funds' Annual Report for the year to 31 March 2017 is attached as Appendix 1. Reflecting very positive investment returns, the Accounts show that the Lothian Pension Fund net asset valuation increased from £5,434m to £6,595m, Lothian Buses Pension Fund increased from £394m to £488m and Scottish Homes Pension Fund increased from £150m to £171m.

Links

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Single Outcome Agreement	

Lothian Pension Fund, Lothian Buses Pension Fund and Scottish Homes Pension Fund Annual Report 2017 (and Financial Statements) Unaudited

1. Recommendations

- 1.1 To receive a verbal update from the meeting of the Pension Board, which is expected to consider the Unaudited Annual Report for the Lothian Pension Fund, the Lothian Buses Pension Fund and the Scottish Homes Pension Fund, at its meeting of 28 June 2017.
- 1.2 Note the unaudited Annual Report for the year ended 31 March 2017 for the Lothian Pension Fund, the Lothian Buses Pension Fund and the Scottish Homes Pension Fund.

2. Background

Statutory provisions and accounting guidance

- 2.1 The Scottish Government has issued statutory accounting guidance, which requires that Local Government Pension Scheme (LGPS) financial statements be published within an Annual Report. From 2010/11 onwards, the LGPS Annual Report should be published separately from the Authority's own financial statements and there should be a separate audit report.
- 2.2 On 11 May 2015, "Local Government Finance Circular No.6/2015" was issued to provide non-statutory guidance on the requirements of The Local Authority Accounts (Scotland) Regulations 2014. These introduced a new statutory requirement for the Financial Statements to include a Management Commentary and an Annual Governance Statement. Similar requirements are contained in The Local Government Pension Scheme (Administration) (Scotland) Regulations 2008.
- 2.3 Local authorities are required to account for pension funds in accordance with the applicable Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Code is based on approved accounting standards issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee, except where these are inconsistent with specific statutory requirements. The Code also draws on approved accounting standards issued by the International Public Sector Accounting Standards Board and the UK Financial Reporting Council where these provide additional guidance. The Code now requires that preparers

have regard to CIPFA guidance “Accounting for Local Government Pension Scheme Management Costs”.

- 2.4 In June 2016, CIPFA revised and updated this guidance, for use for 2016/17 accounts. Whilst the underlying principle of transparency of investment cost remained unchanged, a degree of relaxation to full cost disclosure was introduced. Specifically, for complex “Fund of Fund” structures, “Investment costs incurred by a separate legal entity, or in respect of investment decisions over which the pension fund has no control, should not be included in the (Pension) Fund Account.....If pension funds wish to provide information about the total cost of Fund of Fund investments, this should be included as part of the Investments section in the Annual Report”.
- 2.5 As CIPFA had released a draft version of this revised guidance in March 2016, the financial statements of Lothian Pension Fund, Lothian Buses Pension Fund and Scottish Homes Pension Fund for 2015/16 anticipated the application of such guidance.
- 2.6 At its meeting on 28 September 2016, the Pensions Committee agreed to instruct the Committee Clerk to communicate, to the Chartered Institute of Public Finance and Accountancy (CIPFA), Audit Scotland and the Scottish Local Government Pension Scheme Advisory Board (SLGPSAB), the Committee’s and Convenor’s disquiet with the relaxation of the principle of full cost transparency of investment management fees, as explicit in CIPFA’s revised guidance “Accounting for Local Government Pension Scheme Management Costs”.
- 2.7 The Scottish LGPS Scheme Advisory Board’s work plan includes ‘improving cost transparency and investment fee consistency’. On 18 November 2016, it issued Circular 01/2016, entitled “Transparency Code”. This stated that it welcomed the “Code of Transparency for LGPS asset managers”, as developed by its counterpart in England and Wales, and asked “pension funds in Scotland to promote the code with their own asset managers”. This Code is voluntary with asset managers encouraged to demonstrate their commitment to transparent reporting of costs.
- 2.8 The financial statements of Lothian Pension Fund, Lothian Buses Pension Fund and Scottish Homes Pension Fund for 2016/17 include full transparency of all investment management fees, contrary to the CIPFA guidance. Commentary in the accounts provides comparison with those which would have been shown had the principles of the CIPFA guidance been used.
- 2.9 The consolidated financial statements combine those of the Fund (the parent entity) and its controlled entities (the investment staffing company, LPFE Limited, and now also the investment services company, LPFI Limited, which commenced trading during the year) as defined in International Accounting Standard (IAS) 27.
- 2.10 The Local Government (Scotland) Act 1973 stipulates that unaudited financial statements must be presented to the Council and the Controller of Audit within three months of the financial year end, that is 30 June. It is within the Pensions

Committee's remit to consider the unaudited Annual Report for the pension funds. As per Audit Scotland guidance, the Annual Report should be referred to Council on for the purpose of noting.

- 2.11 Prior to the decision taken at Council, at its meeting on 25 May 2017, whereby no appointments were made to the Pensions Committee, the intention was to report to the Pensions Committee of 28 June 2017, with the following recommendations:
- Note that this report was considered by the Pensions Audit Sub-Committee, at its meeting on 27 June 2017, and note any points raised.
 - Invite the Pension Board to raise any relevant matters or concerns which the Pensions Committee should consider.
 - Note the unaudited Annual Report for the year ended 31 March 2017 for the Lothian Pension Fund, the Lothian Buses Pension Fund and the Scottish Homes Pension Fund.
 - Refer this report, for the purpose of noting, to the City of Edinburgh Council, in its role as administering authority for the pensions funds, in accordance with guidance from Audit Scotland.
- 2.12 With the cancellation of the meetings of the Pensions Audit Sub-Committee and Pensions Committee scheduled for June 2017, this report is now submitted directly to the City of Edinburgh Council.
- 2.13 The Pension Board is a body whose role is set out in LGPS regulations. It comprises ten members, five members drawn from the employer bodies and five members from the trade unions representing members within the pension funds as set out in the regulations. The role of the Pension Board is to help ensure that the operation of the pension funds is in accordance with the applicable law and regulation. They attend all meetings of the Pensions Committee and Pensions Audit Sub-Committee, and also meet separately ahead of the Committee meeting to discuss any issues of concern.
- 2.14 Upon news of the cancellation of the Pensions Committee meeting, the Pension Board requested an update on current issues facing the pension funds, which was scheduled for that meeting. At the time of writing, officers are scheduling a briefing for the Pension Board and the non-elected members of the Pensions Committee, including an overview of the unaudited Annual report. If elected members are appointed to the Pensions Committee before 28 June, they will be invited to that briefing. A verbal update on this matter will be provided to Council.

3. Main report

Unaudited Lothian Pension Funds Annual Report

- 3.1 A copy of the unaudited Annual Report for the year to 31 March 2017 for the Lothian Pension Fund, the Lothian Buses Pension Fund and the Scottish Homes Pension Fund is attached as Appendix 1.
- 3.2 In considering the unaudited Pension Funds' Annual Report, City of Edinburgh Council should note the following:
- 3.2.1 Section 95 of the Local Government (Scotland) Act 1973 states that "every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that the proper officer of the authority has responsibility for the administration of those affairs". The Acting Executive Director of Resources serves as the Section 95 Officer for all the City of Edinburgh Council's accounting arrangements, including those of the Pension Funds, however, this Section 95 responsibility has been delegated to the Chief Finance Officer, Lothian Pension Fund.
- 3.2.2 Reflecting very positive investment returns, the Accounts show that the Lothian Pension Fund net asset valuation increased from £5,434m to £6,595m, Lothian Buses Pension Fund increased from £394m to £488m and Scottish Homes Pension Fund increased from £150m to £171m.
- 3.2.3 The Annual Report includes an Annual Governance Statement which sets out details of how the Funds are governed and the internal controls that are in place to manage risk. This mirrors the requirement to have a similar statement within the Financial Statements of the Council. The Annual Report also encompasses a Governance Compliance Statement, which is a requirement of the LGPS Regulations. Its purpose is to record the extent to which the constitutional governance arrangements comply with best practice guidance issued by the Scottish Public Pensions Agency.
- 3.2.4 Related to the Annual Governance Statement is the Statement of Responsibilities for the Statement of Accounts. This sets out the respective responsibilities of the Administering Authority and those delegated to the Chief Finance Officer, Lothian Pension Fund.
- 3.2.5 Each of the three funds has a separate Actuarial Statement, prepared in accordance with Regulation 55(1)(d) of the Local Government Pension Scheme (Scotland) Regulations 2014. This provides a summary of the triennial valuation as at 31 March 2014, with commentary by the Actuary of the experience over the subsequent period. The next actuarial valuation as at 31 March 2017 is in progress and a report will be provided to Pensions Committee before 31 March 2018, in accordance with the statutory provisions.

- 3.3 Following the consideration of the unaudited Annual Report 2017 by City of Edinburgh Council, in order to meet the statutory timetable, the next steps will be:
- a. Pensions Audit Sub-Committee and thereafter the Pensions Committee, at their respective meetings in September 2017, will consider the following reports:
 - i. International Standard on Auditing (ISA) 260 Audit Report, which covers all significant issues arising from the audit of the accounts;
 - ii. the Annual Report by the External Auditor which summarises all significant matters arising from the audit and overall conclusions about the management of key risks; and
 - iii. the Audited Annual Report 2017.
 - b. It is anticipated that City of Edinburgh Council should note the audited accounts at its meeting in October 2017.

4. Measures of success

- 4.1 The prime objective of the Council, as administering authority of the Lothian Pension Fund, Lothian Buses Pensions Fund and Scottish Homes Pension Fund, is to ensure an unqualified audit opinion of the Annual Report 2017. This will be determined in due course.

5. Financial impact

- 5.1 There are no direct financial implications as a result of this report.

6. Risk, policy, compliance and governance impact

- 6.1 The Local Government (Scotland) Act 1973 stipulates that unaudited financial statements must be presented to the Pensions Committee and the Controller of Audit within three months of the financial year end, that is 30 June.

7. Equalities impact

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

8. Sustainability impact

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

9. Consultation and engagement

- 9.1 The Pension Board, comprising employer and member representatives, is integral to the governance of the Funds.

10. Background reading/external references

- 10.1 None

Hugh Dunn

Acting Executive Director of Resources

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Links

Coalition pledges

Council outcomes CO26 - The Council engages with stakeholders and works in partnerships to improve services and deliver agreed

Single Outcome Agreement

Appendices

Appendix 1: Unaudited Annual Report 2017 for the Lothian Pension Fund, the Lothian Buses Pension Fund and the Scottish Homes Pension Fund;
Appendix 2: Lothian Pension Funds – Annual Statement by Chief Internal Auditor;
Appendix 3: City of Edinburgh Council – Statement on the system of internal financial control by Acting Executive Director of Resources;
Appendix 4: Lothian Pension Funds – Statement on the system of internal financial control by Chief Finance Officer, Lothian Pension Fund;



Lothian Pension Fund
Lothian Buses Pension Fund
Scottish Homes Pension Fund

**Unaudited Annual Report and
Financial Statements 2016/17**



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Foreword

Acting Executive Director of Resources

Welcome to the Annual Report and Financial Statements for 2016/17 for the Lothian Pension Fund, Lothian Buses Pension Fund and Scottish Homes Pension Fund. The report keeps members, employers and other interested stakeholders informed about the activities and performance of the pension funds, as well as their investments and financial statements.

This year has seen no let-up in the challenges and pace of change both across the pensions sector generally and within the LGPS specifically. The Pensions Committee, Pension Board, together with officers of the Fund are ever mindful of our responsibilities to our 81,000 scheme members and 94 active employers. Therefore our decision making is always clearly focussed on working together to deliver the best outcomes for all our stakeholders.



We know that pensions can be difficult for scheme members to understand, and increasingly complex and challenging for employers to manage; they are a significant cost and short term decisions can have very long term effects. Our average pension in payment is £5,392, reflecting the earnings and work profile of our membership. We believe the LGPS offers a very safe way of saving for a secure income in retirement, particularly important for part time or lower paid employees. We remain committed to helping scheme members and employers understand the LGPS, to enable them to make informed and timely decisions. We continue to focus on investing in people and technology in order to maintain and drive up our high standards of service and performance. I am delighted that our service has been accredited by the Pension Administration Standards Association (PASA), the first Local Government Pension Fund to achieve this.

The LGPS is a Scotland-wide scheme and we continue to take a leading role nationally. Councillor Alasdair Rankin had served on the Scottish LGPS Scheme Advisory Board. Officers also provide advice to the Scheme Advisory Board.

The Scottish Government is encouraging LGPS funds to collaborate with each other. Our authorisation from the Financial Conduct Authority has enabled the expansion of our collaborative efforts over the year, enabling other LGPS funds to benefit from the Funds' expertise in infrastructure. A new collaborative model has been agreed with Falkirk Pension Fund which should bring further opportunities and efficiencies.

I would like to take this opportunity to record my thanks for the hard work of the Pensions Committee, Pension Board, fund advisers, employers and staff.

Hugh Dunn
Acting Executive Director of Resources
The City of Edinburgh Council

Report by the Chair of the Pension Board

The Pension Board comprises both employer and member representatives, and undertakes an important role in helping to ensure the correct governance and functioning of the Lothian Pension Funds.

Having on the 1st April 2016 taken on the role of Chairperson (the first 'employee' representative to do this) I am now able to provide the following information relating to the Board and it's work for the preceding year.

During this time, the Board itself has undergone some changes in membership, but I can confirm that none of these changes detracted in any way from the continuing and important work the Board undertook during the course of the year.

As an example of its diligence, all the Board members have undertaken the extensive training required to ensure their understanding of their role, general pensions issues and the operations of the Funds themselves, and as a result, even those Board Members who joined us late in the year fully met the LPGA Pension Board Members training requirements.



Report by the Chair of the Pension Board cont'd

The Board has, in the past 12 months, undertaken a considerable amount of work attending not only all of the meetings of the Pensions Committee and Pensions Audit Sub-Committee, but also ensuring their active participation at the Board's own quarterly meetings.

As part of its remit, the Board members have also maintained a positive involvement in relation to the funds governance and its consideration of the various environmental, social and governance (ESG) issues being brought to its attention.

During the course of the year, the Scottish Public Pensions Agency (SPPA) instigated a major review of the 'effectiveness of the governance' arrangements for all pension funds, in which the Board was fully and pro-actively involved. We provided both feedback on the Boards work so far in supporting the Funds and in respect of the actual 'remit of the review' itself and then ultimately provided in- depth feedback on the reviews findings.

The Board has also taken a very keen and active interest in the many ESG matters that were brought before the Pensions Committee for consideration during the year, and we have been instrumental in ensuring that the Funds and its managers continue to consider fairly these important issues whilst maintaining a clear perspective in relation to both its legal fiduciary duties and also its duty of care towards all its various Fund members

I am grateful to all my Pension Board colleagues for their ongoing commitment to supporting the Board over the last year and for ensuring that both scheme members and employers continue to be well represented within the governance and running of the fund.

As required by the constitution, the chair of the Pension Board rotates annually between employer and member representatives, and Darren May, (an employer member from Scottish Water), was selected by the Board to take on this important role as and from 1 April 2017. I therefore take this opportunity to wish Darren well in his new role as our Chair for the incoming year and I look forward to continuing working with him and the Pension Board members along with the LGPS funds in the coming year.

Jim Anderson

Member Representative and Chair of the Pension Board

Report by the Independent Professional Observer

This is my third year as Independent Professional Observer for the pension funds. My function is to assist the Pensions Committee and Pension Board undertake their governance responsibilities effectively and efficiently. My role as a pension trustee and knowledge of institutional investment allows me to support the Committee and Board in ensuring the Funds comply with relevant pension legislation and requirements set out by The Pensions Regulator.

During the year, I held surgeries to assist the Pensions Committee and Pension Board worked collaboratively and efficiently together to give an oversight of the pension funds. Topics such as funding, investment and collaboration have been considered in addition to the normal business of funds.

The quality of engagement and discussion over the year has demonstrated a high standard of governance within the funds. I look forward to working with the new Pensions Committee following the Local Government Elections in May 2017 to provide continuity, knowledge and guidance to them.



Sarah Smart

Independent Professional Observer

Management commentary

Introduction

Customer Service

The quality of membership data has been a key area of focus for the Funds over recent years to ensure we meet The Pensions Regulator's standards. All but three employers are now providing monthly contribution data for each member which is enabling us to see changes in membership quickly and hence provide a better service. Work was also undertaken to tackle historic leavers where information had not been provided by their employer at the time of leaving.

The Funds also registered for the national Tell Us Once service which means we can now be informed about the death of a member notified to another public service. This makes it easier for relatives of deceased members to deal with us, as well as reducing the risk of over-paying pensions.

Over the year, the City of Edinburgh Council undertook a voluntary redundancy exercise as part of a significant transformation project. In view of the scale of this exercise, we reviewed the way we deal with retirements to maximise the use of our online service and speed up the process. As well as reducing the administration work involved, customer satisfaction also improved.

The Funds continue to monitor movements in membership numbers, in particular the impact of early retirement initiatives and auto-enrolment. The number of pensioners from the City of Edinburgh Council has increased significantly over the year because of the transformation project. Over the year, the numbers of pensioner members rose by 922. The number of active members for the Lothian Pension Fund has increased marginally by 378 due to auto enrolment.

Funding & Investment

Changes in membership of the Funds have implications for cashflow. On retirement there are immediate outflows due to the payment of tax free lump sums and pensions and a reduction to inflows as benefit in contributions cease. However, payment of strain costs by employers on early retirements helps to mitigate current cashflow pressures.

Lothian Pension Fund is now in a negative cash flow position where payments exceed contributions received. The Fund has targeted increased investment income in recent years and this is expected to exceed net cashflow for the foreseeable future. It is therefore not anticipated that the sale of investments will be required to meet this funding requirement. Lothian Buses and Scottish Homes Pension Funds expenditure continues to exceed income as both funds are closed to new members with Scottish Homes Pension Fund having no members paying in to the scheme. Investment income funds these shortfalls, together with asset sales for Scottish Homes Pension Fund.

All three Funds delivered strong investment performance over the year. Lothian Pension Fund's assets have increased by £1,161million, with investments returning 21.7% over the year, slightly behind the benchmark of 24.8%. The internal team manages a significant proportion of assets of all three pension funds in-house. For Lothian Pension Fund this includes approximately £3.4billion of listed equity assets and a currency hedging programme specifically designed to provide downside protection in times of market stress while participating in some, though not necessarily all, of any upward movement. The underperformance relative to the benchmark this year follows on from a period of significant outperformance (+6.2%) in the prior year (2015/16) and over longer term periods the Fund is meeting its objective, exceeding the benchmark but with lower volatility.

Despite this strong performance, liability values have grown faster as discount yields have fallen. Hence, overall funding levels have fallen. In advance of the 2017 actuarial valuations, Lothian Pension Fund's Actuary reviewed the suitability of the Contribution Stability Mechanism used for setting the employer contribution rates for long-term secure employers. The Actuary concluded that despite changes to market conditions and reducing certainty of full funding due to the outlook for investment returns, at present the Contribution Stability Mechanism remains appropriate for long-term secure employers. However, its ongoing suitability will be reviewed ahead of the 2020 actuarial valuation.

During the 2014 actuarial valuation, Lothian Pension Fund addressed the previous inconsistency between the actuarial and cessation valuations to raise awareness of pension deficits and reduce the risk of employers being unable to pay deficits when their last active member leaves. During 2016/17, the Fund, in consultation with external advisers, has drawn up a funding agreement to address repayment of the cessation debt in order to avoid employer default or insolvency.

This agreement allows for repayment of the cessation debt over longer terms, and in special circumstances, for repayment of less than the full cessation debt. The standard agreement is tailored to each employer's circumstances, taking into consideration the employer's financial circumstances and ability, where applicable, to offer security over assets.

The Pensions Committee regularly considers the legal responsibilities of administering the Funds and its fiduciary duty to members and employers. During the year, the Scheme Advisory Board of the Scottish Local Government Pension Scheme sought a legal opinion on how Pension Committees in Scotland should exercise their fiduciary duty when investing pension fund money. The Committee considered this legal opinion and agreed that it reaffirmed that the approach taken by the Funds is appropriate. Non-compliance with the fiduciary duty could leave the Council and Pensions Committee open to legal challenge or otherwise have an adverse impact on the Council, the Funds and their stakeholders. However, there has been a significant increase in lobbying from external interest groups on certain investments and the Funds continue to engage with these groups as appropriate.

Collaboration with other Pension Funds

A new corporate structure, including two new companies (LPFI Limited and LPFE Limited), was introduced in 2015 to support the in-house investment team and create efficiencies. LPFI Limited, was granted FCA authorisation in June 2016 which facilitates collaboration with other pension fund investors to bring economies of scale. LPFE Limited, employs staff and facilitates separate governance and control for the in-house investment team. Collaboration allows other funds to benefit from the commercial advantage that the existing in-house team has in the market to bring tangible benefits through scale investing. In addition, sharing costs between collaborating funds allows reinvestment in the systems and in-house team to improve long-term sustainability.

Lothian Pension Fund has provided Falkirk Pension Fund with support on investment matters, including assisting with infrastructure investing, for the past five years. With Lothian's recent FCA authorisation, a review of the arrangements and a new collaborative model, including a joint Investment Strategy Panel, has been agreed. The Pensions Committee of Falkirk Council will agree investment strategy but will now delegate the implementation of strategy, including selection of investment managers, to officers. This governance model is similar to that of Lothian Pension Fund. The new joint Investment Strategy Panel will advise the Finance Directors of each administering authority (the City of Edinburgh Council and Falkirk Council) on implementation of investment strategy. The assets of Lothian Pension Funds and Falkirk Council Pension Fund will remain separate and investment strategy decisions retained by the respective Pensions Committees.

During 2016/17, Lothian Pension Fund has made seven investments alongside Falkirk Pension Fund and one with Northern Ireland Local Government Officers' Superannuation Committee. Further collaboration with other Scottish Local Government Pension Scheme partners is expected in 2017/18.

Awards

During the year, we retained the Customer Service Excellence award once again demonstrating commitment to customers. In March 2017, we became the first UK Local Government Pension Scheme fund to be awarded accreditation from Pension Administration Standards Association (PASA), which promotes a high standard for administration services for UK pension schemes. Accreditation involved a three-day site visit undertaken by two independent assessors. The award means the Fund has been independently recognised by PASA for delivering good quality administration, and showing a commitment to ongoing improvement. We use the standards to improve various areas of our service including procedure manuals, performance reporting and business continuity planning.

We also received five pension industry awards this year. At the Local Government Investment Awards 2016 we won Fund of the Year (over £5billion) for Lothian Pension Fund and Fund of the Year (under £750million) for Lothian Buses Pension Fund. At the Professional Pension's Pension Scheme of the Year Awards we were winner in the Defined Benefit Communications category and in the LAMP magazine investment awards, we were successful in the categories Investment Performance, Small LGPS Fund and Investment Strategy.

Challenges

Continuing budgetary constraints across the public and charity sectors are expected to lead to further accelerated increases in pensioner numbers and an increasing number of admitted bodies seeking to exit Lothian Pension Fund. There is also a risk that members decide to opt-out of the Funds on grounds of affordability or lack of appreciation of the value of pension benefits. Together with the new pension freedoms and pension auto-enrolment, these will further impact on the Funds membership, liabilities and cashflow.

Despite strong investment performance since the last actuarial valuation, liability values have grown faster as discount yields have fallen. Hence, the overall funding levels have fallen and the 2017 actuarial valuation is likely to prove

challenging. Further, there is greater oversight and scrutiny of funding plans for all LGPS funds as a result of the Public Service Pensions Act 2013. The Government Actuary's Department has carried out a dry-run analysis on the 2014 valuations in Scotland. The results identified differences in the way information is presented and work is ongoing amongst actuarial firms and funds to address inconsistencies. They noted different financial assumptions, which may reflect local circumstances, although the evidence at this stage is limited. The analysis may influence the approach to the 2017 actuarial valuation.

There has always been interest from members and specific campaign groups in investments and over recent years this has increased significantly. There is an ongoing need to be clear, open and transparent in communicating investment strategy and the way in which the Funds must invest in the best interests of members and employers.

To ensure we meet these challenges we have four objectives for our service:

- We put our customers first and aim to provide the very best service
- Our people are at the very heart of our business and we work together to deliver our service
- We strive to improve our services by thinking ahead and developing new solutions
- We are committed to supporting a culture of honesty and transparency.



Hugh Dunn
Acting Executive Director of Resources
The City of Edinburgh Council
28 June 2017



Clare Scott
Chief Executive
Lothian Pension Fund
28 June 2017

Governance

The City of Edinburgh Council is the administering authority for the Funds and delegates pension matters to the Pensions Committee and Pensions Audit Sub-Committee. The Pensions Committee members act as 'quasi trustees' and held four meetings during the year with the Pensions Audit Sub-Committee meeting three times.

Membership of the Committees from 1 April 2016 to 31 March 2017 was as follows:

Pensions Committee

Councillor Alasdair Rankin (Convener)
Councillor Maureen Child
Councillor Jim Orr
Councillor Bill Cook
Councillor Cameron Rose
John Anzani (member representative, Midlothian Council)
Richard Lamont (employer representative, VisitScotland)

Pensions Audit Sub-Committee

Councillor Cameron Rose (Convener)
Councillor Jim Orr
Councillor Bill Cook

The Pension Board

The Pension Board was set up on the 1 April 2015 as a result of the Public Services Pensions Act 2013 and the Local Government Pension Scheme (Governance) (Scotland) Regulations 2014.

The role of the Pension Board is to help ensure that the operation of the Funds is in accordance with the applicable law and regulation. The Board attends all Pensions Committee meetings and has appointed two representatives to attend Pensions Audit Sub-Committee meetings. The membership comprises of ten members, five representatives appointed from the employer bodies and five members appointed by trade unions representing the membership of the Funds.

The Pension Board membership for the period 1 April 2016 to 31 March 2017 membership was as follows. There were two member vacancies at 31 March 2017.

Member representatives

Jim Anderson (Chair)	Unison
Catrina Warren	Unison
Thomas Carr Pollock	GMB
Graeme Turnbull	UCATT (to 26 January 2017)
John Rodgers	Unite (to 14 March 2017)

Employer representatives

Eric Adair	EDI Group
Darren May	Scottish Water
Sharon Dalli	Police Scotland (from 23 September 2016)
Paul Ritchie	East Lothian Council (from 5 September 2016)
Alan Williamson	Edinburgh College (from 2 September 2016)
Simon Belfer	Napier University (to 10 June 2016)
Linda McDonald	Handicabs (to 1 July 2016)
Rucelle Soutar	The Royal Edinburgh Military Tattoo (to 20 July 2016)

Pensions Committee and Pension Board training

The Committee and Board members must attend no less than 21 hours of training per year as outlined in the Funds' training policy which is available on our website at www.lpf.org.uk. All new members of the Pensions Committee and Pension Board attend induction training. Other training included fiduciary duty, investment markets after Brexit, collaboration and investment pooling. All members of the Committee and Board achieved the required training hours during 2016/17. Pensions Committee members collectively attended 322 hours of training over the year and members of the Pension Board undertook 288 training hours.

Investment Strategy Panel

The Pensions Committee sets the overall investment strategy with the implementation of that strategy, including investment monitoring, delegated to the Executive Director of Resources who takes advice from the Investment Strategy Panel. The Investment Strategy Panel meets quarterly and comprises the Executive Director of Resources of the City of Edinburgh Council, the Chief Executive of Lothian Pension Fund, Chief Financial Officer of Lothian Pension Fund and Chief Investment Officer of Lothian Pension Fund along with external advisers. The external advisers are currently Gordon Bagot, Scott Jamieson and KPMG, represented by David O'Hara.

Lothian Pension Fund staff

The day-to-day running of the three pension Funds is carried out by the Investment and Pensions service division of the Resources Directorate within the City of Edinburgh Council. The Division functions include investment, pension administration, communications and accounting. The investment responsibilities include carrying out in-house investment management and the monitoring and selection of external investment managers.

In February 2015, two limited companies (LPFE Limited and LPFI Limited) were established to facilitate the development of the internal investment capabilities and improve governance as well as delivering efficiencies for the administration of the Funds. Both companies are wholly owned and controlled by the City of Edinburgh Council as the administering authority of the Funds. LPFI Limited has been established to support the investment programme of the in-house investment team by providing operational and other efficiencies. LPFI Limited was authorised by the Financial Conduct Authority (FCA) in June 2016.

In 2015, key investment staff were transferred to LPFE Limited. As part of the transfer new terms and conditions were introduced which includes increased notice periods to reduce the risks facing the Funds. A second phase to transfer the remaining staff to LPFE Limited is currently ongoing. This will result in a more streamlined organisation better able to facilitate the collaborative efforts with other local government pension funds that are currently being explored.

Over the year, senior officers were:

- Hugh Dunn, Acting Executive Director of Resources, The City of Edinburgh Council
- Clare Scott, Chief Executive of Lothian Pension Fund
- Bruce Miller, Chief Investment Officer of Lothian Pension Fund
- Struan Fairbairn, Chief Risk Officer of Lothian Pension Fund
- John Burns, Chief Finance Officer of Lothian Pension Fund
- Esmond Hamilton, Financial Controller of Lothian Pension Fund.

Scheme Advisory Board

The Scheme Advisory Board for the Local Government Pension Scheme in Scotland was set up following the Public Service Pensions Act 2013. The Board's main function is to advise Scottish ministers, when requested, on the desirability of changes to the Scheme. They can also provide advice to scheme managers and pension boards in relation to effective and efficient administration and management of the Scheme in Scotland.

The membership of the Scheme Advisory Board comprises of seven member representatives and seven employer representatives and a Joint Secretary is appointed in support of each of the Member and Employer groups. Councillor Rankin was a member of the Scheme Advisory Board over the year. Officers of Lothian Pension Fund have also been called upon to advise the Board and its Joint Secretaries. There is more information on the Scheme Advisory Board at www.lgpsab.scot.

Investments

Investment Markets

UK economic growth moderated further in 2016, slowing from 2.2% in 2015 to 1.8% in 2016, with political events dominating the news over the year.

Towards the end of June, the UK voted to leave the European Union, a result which was largely unanticipated by most investors. Global equity markets fell for two days before steadying and recovering most of their ground by the end of the month. However, the pound weakened sharply following the result, declining by almost 15% against the dollar, contributing to an increase in expected inflation over the next year. UK bond markets rose on fears of weaker economic growth.

Anticipating a potential slowdown in the economy, the Bank of England cut interest rates in August to a historic low of 0.25%. Subsequent economic news pointed to the UK economy faring better than expected, with the Bank revising its 2017 growth forecasts upwards from 1.4% in November 2016 to 2.0% in February 2017.

Following the EU referendum, investor attention focused on the November US Presidential election. Having fallen prior to the election, equity markets then recovered strongly following another unexpected result, confounding those that had predicted market turmoil accompanying a Trump victory. Signaling its confidence in the state of the US economy, the US Federal Reserve raised interest rates during December 2016 and then again in March 2017. While signalling that further rate rises would be likely over the remainder of 2017, the chair of the Federal Reserve Bank also noted that the outlook remained uncertain.

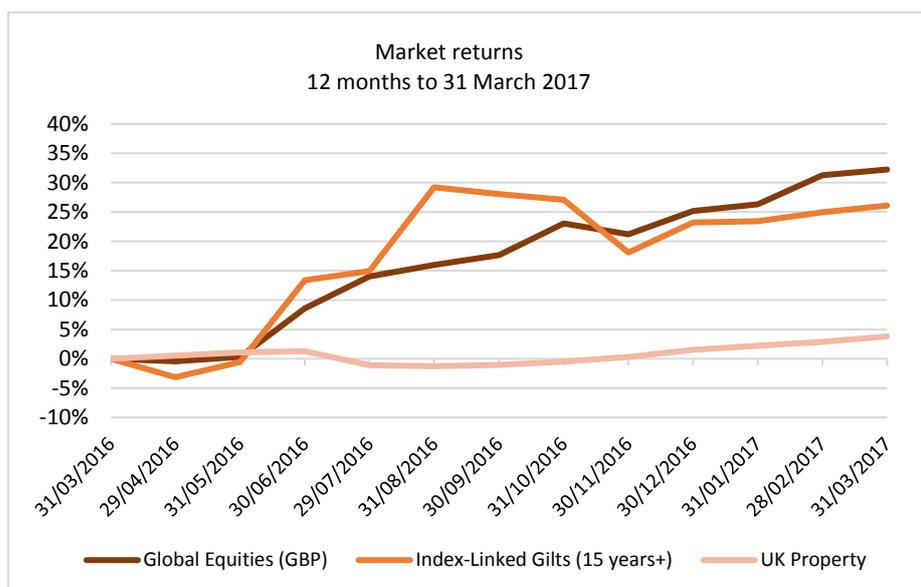
In December, the European Central Bank (ECB) voted to extend its quantitative easing programme by a further nine months to the end of 2017, as estimates suggested inflation would remain below its 2% target in 2019. The Bank of Japan left its bank rate unchanged over the year and maintained its ongoing quantitative easing programme.

For the 12 months to 31 March 2017, equity market returns for sterling-based investors were boosted by the immediate drop in the currency after the referendum, and then further weakness as investors priced in the likelihood of an unpleasant Brexit in economic terms. Index-linked bonds delivered strong returns over the year, as bond investors also priced in the likelihood of weaker UK economic growth. The weaker UK outlook also contributed to subdued returns from UK property, with rental income offsetting a small decline in capital values.

The outlook for the global economy – steady developed market growth and mixed conditions across emerging markets – has remained broadly constant over the past year. Recent divergence in central bank monetary policy suggests the US is ahead of the rest of the world in its economic cycle. Trump's pre-election promises of higher infrastructure spending and tax reform has been positive for equities but negative for US bonds.

However, the prospect of the US turning inwards to support its domestic economy also looms, which would be negative for global growth and raise the risk of a global recession.

The year ahead also sees potential for further surprises on the political front, most notably in Europe, where elections in France, the UK, and Germany fall due.



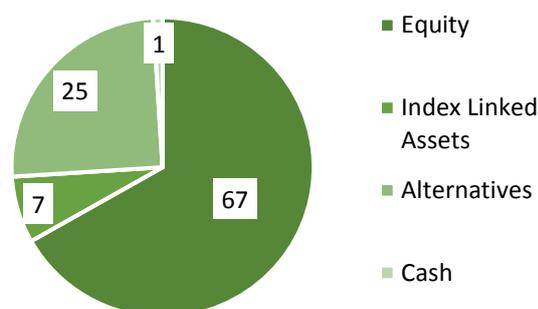
Investment strategies

The review of investment strategies for all three Funds during 2012 resulted in long term plans to achieve a reduction in investment risk as the Funds mature. The investment strategies were again reviewed during 2015/16, taking into account the results of the 2014 actuarial valuations. As at 31 March 2017, the three funds (Lothian Pension Fund, Lothian Buses Pension Fund and Scottish Homes Pension Fund) were invested broadly in line with their target asset allocations, as expected.

To provide suitable investment strategies for the differing requirements of employers, **Lothian Pension Fund** currently operates two investment strategies.

Most employer liabilities are funded under Strategy 1, which adopts a long-term investment strategy, aiming to maximise the investment return within reasonable and considered risk parameters and hence minimise the cost to the employer. The investment strategy is set at the broad asset class level of Equities, Index-Linked Gilts and Alternatives, which are the key determinants of investment risk and return.

Lothian Pension Fund Actual Asset Allocation Strategy 1 (%) at 31 March 2017

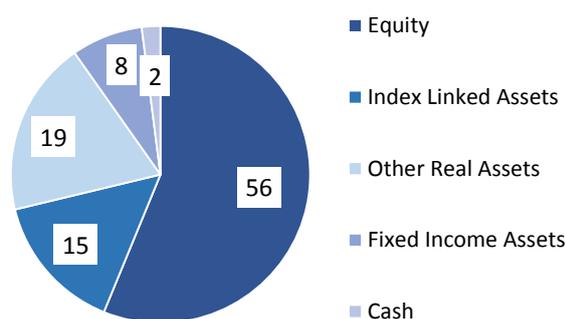


In 2015, the Pensions Committee agreed that there was no reason to amend the planned changes to Strategy 1. Lothian Pension Fund will continue to implement that strategy over 2017, and undertake a further review when the results of the 2017 actuarial valuation are available.

A small number of employers are funded in Strategy 2, which invests in a portfolio of UK index-linked gilts to reduce funding level and contribution rate risk to a level appropriate to their circumstances. The liabilities funded by Strategy 2 represent less than 1% of total Lothian Pension Fund liabilities.

For **Lothian Buses Pension Fund**, the review of strategy had greater implications. In March 2016, the Pensions Committee agreed a revised long term strategy allocation for the five-year period 2016-21. This involves making meaningful changes to asset allocation over that timeframe reflecting the requirement for greater funding stability as the Fund matures. (The Fund is closed to new entrants and is maturing at a faster pace than the Lothian Pension Fund.) In addition, as Lothian Buses Pension Fund is defined in regulations as a sub-fund of Lothian Pension Fund, the Pensions Committee agreed that the option for it to be merged into Lothian Pension Fund would be explored in consultation with stakeholders. This will be progressed during 2017, and the investment strategy implemented gradually over 2016-21.

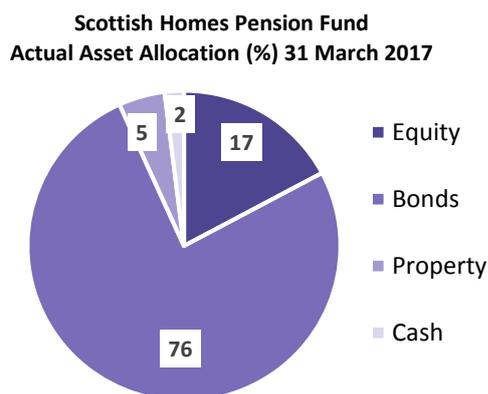
Lothian Buses Pension Fund Actual Asset Allocation (%) at 31 March 2017



During the year to end March 2017, Lothian Pension Fund and Lothian Buses Pension Fund continued to reduce equity holdings and to make new commitments to alternative assets, including infrastructure investments in the UK and overseas. The two funds invest in private markets, selecting specialist managers to access a wide range of opportunities that are not available in the public markets. Over the past 10+ years, the funds has built a portfolio of private market assets in equity, debt, real estate, timber and especially in infrastructure, which is the largest proportion of the private market assets held and is described in more detail below. For the Lothian Buses Pension Fund, the remaining externally managed index-linked gilts mandate was brought in-house during the year to be managed internally, reducing risk and resulting in savings on ongoing investment fees.

For **Scottish Homes Pension Fund**, the strategic review concluded that a less prescriptive investment and funding strategy would allow a higher-yielding investment strategy and a more flexible approach to setting contributions from the Scottish Government.

The current investment strategy adjusts asset allocation based on the evolution of the funding level. The Fund's current strategy is bond-focused and generates an annual income yield of less than 2% and, given its maturity, it is required to sell assets on a regular basis to pay pensions.



The Scottish Homes Pension Fund investment strategy was adjusted through the year as its funding level continued to improve, resulting in a reduced equity target allocation of 17.5% at 31 March 2017, compared to 30% at the previous year-end.

In addition, during March 2017, the assets previously managed by State Street were transferred to be managed internally. Management of the bond portfolios was brought in-house to improve cash-flow matching of the assets with future liability payments and management of the equity portfolios was brought in-house to improve the cash-flow generation of the equity assets.

Strategies for all three funds are implemented and monitored by an experienced internal team of investment professionals supported by external advisers. Over recent years, the internal team has expanded with very positive effects on costs and capabilities. This is reflected in two structural shifts. Firstly, the percentage of Lothian Pension Fund's listed equity assets managed internally has risen from 23% to more than 85% and most publicly traded bond assets are also now managed internally. Secondly, the Fund has altered the construction of the listed equity portfolios, increasing the global mandates from 32% to more than 85%. Despite these large changes in the Fund, performance equity returns have been ahead of benchmark by 1.5% per year over the last five years and this has been achieved with lower risk. The Fund's guiding principle is to use strong internal investment capabilities to their maximum potential and to retain external managers for specialist mandates.

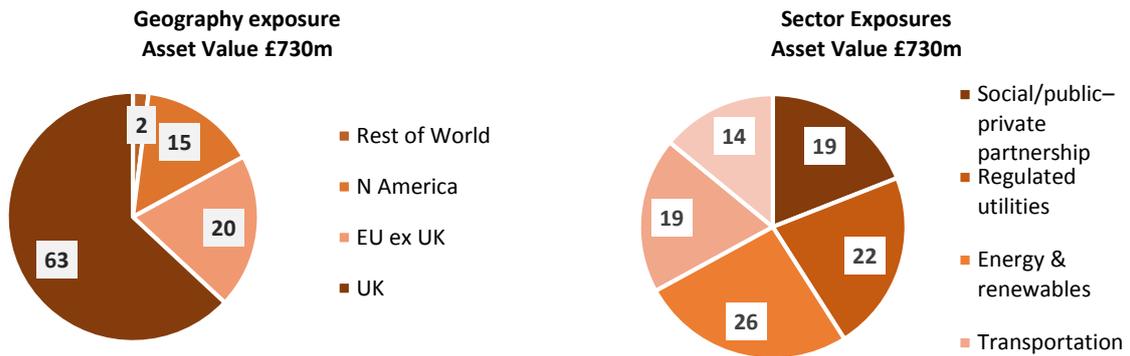
Infrastructure Investment

Infrastructure investment continues to receive publicity as the UK and Scottish governments encourage Local Government Pension Schemes to increase their investment in this area. Infrastructure investments may offer the potential to generate attractive risk-adjusted returns based on cash flows that are often linked to inflation and can play a diversifying role in the Funds' strategies.

Over the last decade, the Funds have developed its reputation, networking and execution capabilities to secure access to investment opportunities within this market niche. The Funds' experienced team appraises, models and invests in primary and secondary funds as well as co-investments to achieve its target allocation in a cost-effective manner. An important element of the implementation strategy is to work with managers to ensure execution certainty and to fully understand transaction fees.

Infrastructure investments represented 10% of the value of the Lothian Pension Fund at 31 March 2017, one of the largest and most diversified allocations compared with other UK Local Government Pension Funds. Lothian Buses Pension Fund investments in infrastructure accounted for 9% at 31 March 2017. Of the combined £730 million (31 March 2016: £439m) invested in infrastructure, 63% is invested in a diverse range of projects in the UK.

Lothian Pension Fund and Lothian Buses Pension Fund combined infrastructure investment allocations are illustrated below.



The market value of infrastructure investments in the UK at 31 March 2017 was £461million. The map and table shows the location of the major UK infrastructure investments.



Location	Sector - Subsector	%
Worthing	Utility - Water	6.5
Walsall	Utility - Water	5.3
Various	Renewables - Solar	5
Manchester	Energy meters	4.7
Redhill	Roads	4.7
Livingston	Energy meters	4.6
Liverpool	Ports	4.5
Isle of Man	Utility - Gas	4.5
Perth	Renewables - Hydro	4.3
Warwick	Utility - Gas	4
London	Sewage system	3.4
Barnsley	Utility - Water	2.3
North Sea	Pipeline	2.3
London	Utility - Water	2.2
Edinburgh	Ports	2.1

Location	Sector - Subsector	%
West Lothian	Renewables - Wind	1.9
Newport Pagnell	Motorway service	1.8
Dudley	Healthcare	1.6
Winchester	Telecommunication	1.3
Dundee	Education	1.2
Suffolk	Utility - Electricity	1.2
Tayside	Healthcare	1.1
London	Utility - Gas	0.8
Birmingham	Roads	0.8
London	Roads	0.7
Nottinghamshire	Healthcare	0.7
North Wales	Utility - Electricity	0.6
Essex	Education	0.6
London	Healthcare	0.6
Corsham	Defence	0.6

During 2016/17, Lothian Pension Fund and Lothian Buses Pension Fund completed two primary fund investments, acquired two secondary fund interests at material discounts to net asset value and invested in eight co-investment and/or specified asset investment vehicles. Approximately £245 million has been invested over the year in UK, European and infrastructure assets, including UK utilities, concessions and contracted infrastructure.

Over the last year, Lothian collaborated with Falkirk Council Pension Fund on seven infrastructure investments. A staff secondment arrangement shares internal staff costs between the Funds, supporting Falkirk's strategy to increase its allocation to UK infrastructure and giving both Funds greater scale and so access to opportunities that would not have otherwise been available.

During the year, Financial Conduct Authority approval was granted to LPFI Limited to enable us to more effectively collaborate in this sector, and for Lothian to benefit from scale in the market whilst further supporting other institutional pension funds in accessing infrastructure markets.

Responsible Investment

The Funds' policy on responsible investment stems from its fiduciary duty to its members and employers, which was endorsed by a legal opinion in September 2016 on the responsibilities of Scottish Local Government Pension Scheme funds (available to view at www.lgpsab.scot). The Funds are regularly approached by groups that lobby for the divestment of the shares of companies operating in certain industries, most recently those in defence and fossil fuels. The issues raised often involve complex social, legal and moral issues.

The Fund invests only in legal businesses and is an active shareholder with a view to enhancing the long-term value of its investments. Environmental, social and governance (ESG) issues are taken into consideration in the investment process in a manner which is consistent with the fiduciary duty to provide the highest standard of stewardship on behalf of the members and employers.

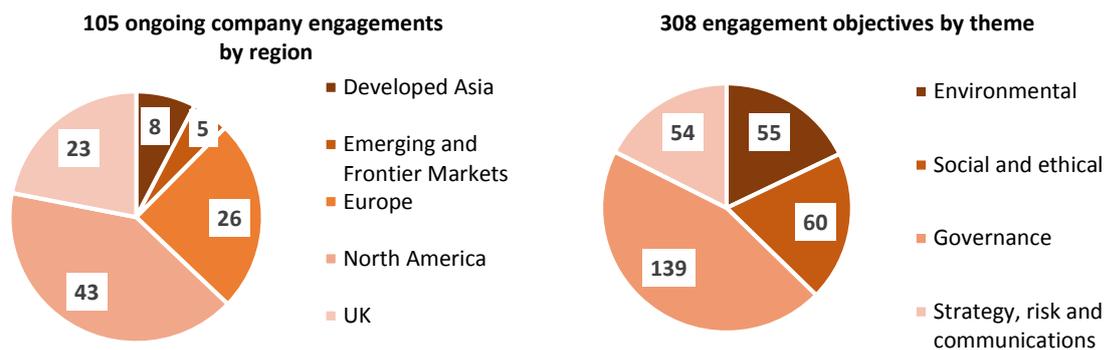
Robust arrangements are in place to ensure that the Funds' shareholdings are monitored and appropriate voting and engagement activity is undertaken with the aim of bringing about positive long term change at companies through a focused and value oriented approach. Share ownership brings with it the right to engage with management to affect strategic change in a positive direction. Divestment relinquishes that right. The Funds, however, do disinvest from shares where financial risk of loss is expected to outweigh reward.

The Funds have been a signatory to the Principles for Responsible Investment (PRI) since 2008. The PRI undertakes a detailed annual assessment of the Funds and their responsible investment activities. It publishes Transparency and Assessment Reports on the Funds, both of which can be found on the Fund’s website. The Assessment Report benchmarks performance against the Funds’ history and against peers, and the latest report published in 2016 is very favourable. The Funds are also a Tier 1 signatory to the Financial Reporting Council (FRC) UK Stewardship Code.

During 2016/17, voting and engagement activities related to the Funds’ shareholdings were largely undertaken by Hermes Equity Ownership Services (EOS). Baillie Gifford and State Street also took direct responsibility for stewardship issues for the investments they managed for the Funds.

Hermes EOS collates voting and engagement data for the Funds and reports this for calendar year periods. During calendar year 2016, the Funds voted at the annual meetings of the 541 companies in which it was invested. There were votes on 7,525 resolutions, and the Fund opposed 524 of them. In addition, Hermes EOS engaged on the Funds’ behalf with companies across the world on topics such as board structure, executive compensation and climate change. These are summarised in the charts below. By collaborating with Hermes and their other clients and other local authorities, the Fund’s influence is much enhanced with investee companies.

Engagement activities are also undertaken on behalf of the Fund and approximately 70 other local authority pension schemes in the UK by the Local Authority Pension Fund Forum. Councillor Alasdair Rankin, Convener of the Pensions Committee, was nominated to the Executive Committee of the LAPFF. He replaces Pensions Committee Member Councillor Cameron Rose, who had served on LAPFF’s Executive Committee for 10 years, latterly as Vice Chair. Membership of the LAPFF Executive entails meeting with the boards of companies and attending company Annual General Meetings to represent shareholders’ interests.



There has been notable success in engagement surrounding the ‘Aiming for A’ initiative that was launched last year. ‘Aiming for A’ seeks to implement strategies to limit man-made climate change to 2°C, and to demand that companies explain how they plan to achieve this. A resolution filed at the Chevron meeting and supporting these goals garnered over 40% votes in favour (the highest ever for a shareholder resolution for that company) and engagement with French oil company Total led to the company to announce goals in line with the ‘Aiming for A’ objectives.

The Fund continues to monitor the evidence on the impact of ESG on investment returns, and notes evidence that the shares of companies with improving ESG ratings provide better investments than those that are simply highly rated. As such, engaging with companies to improve ESG practices can lead to better long term outcomes for the Funds.

In summary, the Pensions Committee undertakes regular training to understand the legal responsibilities that its fiduciary duty to its members, and to its employers, entails. The Funds are committed to responsible investment with a view to raising corporate standards. It does this by voting on all stocks and engages with companies with poor corporate practices. It engages individually and collectively with other investors to maximise its influence as a shareholder to enhance shareholder returns and effect positive change for society.

Funding Strategy Statement

The Funding Strategy Statement sets out how we balance the potentially conflicting aims of affordability and stability of employers' pension contributions whilst taking a prudent long-term view of funding pension liabilities. The Funding Strategy Statement was revised at the 2014 Actuarial Valuation and further revised in November 2015. It can be viewed on our website at www.lpf.org.uk/publications. The Statement covers the funding strategies of each of the three Funds.

The Funding Strategy Statement will be reviewed at the 2017 Actuarial Valuation with the Actuary in consultation with employers.

The Fund is seeking to enhance the transparency of the fund assets attributable to each employer and, to that end, has introduced a system of investment unitisation (asset tracking). This enables investment assets for each employer to be tracked monthly, with the cash flow of an employer resulting in either a purchase or sale of units. The aim is to implement this change at the 2017 actuarial valuation, and data has been loaded to the system retrospectively in readiness. Another benefit of the system is that it also facilitates the future provision of more tailored investment strategies for employers if required.

Financial performance

Administrative expenses

A summary of the Funds' administrative expenditure for 2016/17, against the budget approved by Pensions Committee, is shown in the table below.

The budget focuses on controllable expenditures and therefore excludes all benefit payments and transfers of pensions from the Funds. Similarly, income does not include contributions receivable and pension transfers to the Funds. The total net cost outturn of £8,385k against budgeted of £12,242k represented an underspending of £3,855k (31.5%) for the Funds. The key budget variances serving to generate this underspending were:-

- Investment management fees – Invoiced - £2,534k underspend. This saving arose from continued greater use of in-house investment management expertise, with assets transferred from an external global equity manager in March 2016. The budget for external fund management costs was set prior this in-sourcing.
- Other third party payments - £651k underspend. This saving arose primarily from investment broker research costs continuing to be paid via commission, rather than being invoiced directly. The Funds also had an underspend on budgeted broken deal costs in relation to its co-investment infrastructure investments.
- Employees - £465k underspend. This arose from savings in unfilled posts, partly due to the timing of recruitment during the financial year.

	Approved budget	Actual outturn	Variance
	£000	£000	£000
Employees	2,906	2,439	(467)
Property	195	211	16
Plant and Transport	41	38	(3)
Supplies and Services	1,195	1,102	(93)
Investment Managers Fees - Invoiced	7,120	4,586	(2,534)
Other Third Party Payments	1,375	724	(651)
Capital funding - Depreciation	87	84	(3)
Direct Expenditure	12,919	9,184	(3,735)
Support Costs	300	265	(35)
Income	(977)	(1,062)	(85)
Total net controllable cost to the Funds	12,242	8,385	(3,855)

Reconciliation to total costs

	Actual outturn
	£000
Actual outturn on budgeted items above	8,385
Add back securities lending revenue included in income above	877
Investment property administration costs	559
Investment transaction costs	1,029
Investment management fees deducted from capital	20,473
Securities lending management fee	176
IAS19 LPFE retirement benefits	505
LPFE deferred tax on retirement benefits	(80)
Total cost to the Funds (inclusive of full investment management fees)	31,924
Per Fund Accounts	
Lothian Pension Fund group	29,666
Lothian Buses Pension Fund	1,978
Scottish Homes Pension Fund	280
Total	31,924

Cash-flow

Cashflow to and from a pension fund is very dependent upon the profile of its membership. Specifically, a maturing membership, where the proportion of active to deferred and pensioner members is reducing, would be expected to see a reduction in contributions received, together with additional outlays on payments to pensioners.

Significantly, Lothian Pension Fund experienced a net reduction in value from its dealings with members. Despite active membership numbers rising marginally, reflecting pensions auto-enrolment, pensioner numbers increased more significantly, driven mainly by continuing early retirement initiatives by employers. Outlays exceeded receipts by £9.2million representing a £20.6million change in position from 31 March 2016 (net addition of £11.4million).

As a fund which is closed to new entrants, the income and expenditure of Lothian Buses Pension Fund reflect this relative maturity. As at 31 March 2017, outlays from dealing with members remained in excess of receipts, by £2.7million for 2016/17. This represents a change of £1.4million on the position as at 31 March 2016, where net outlays totaled £1.3million. Primarily, this was the result of significant outgoings due to the early payment of retirement benefits.

Scottish Homes Pension Fund is a mature fund with no active members. As a result, pension outlays are met from investment income and funding from the Scottish Government, supplemented by asset sales. Net pension outlays were £6.9million, a decrease of £0.1million (1.4%) on the previous year.

Membership statistics for the three Funds and funding statements from the Actuary are provided in the Fund accounts sections.

Investment management cost transparency

Local authorities are required to account for pension funds in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Code is based on approved accounting standards issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee, except where these are inconsistent with specific statutory requirements. The Code also draws on approved accounting standards issued by the International Public Sector Accounting Standards Board and the UK Financial Reporting Council where these provide additional guidance. The Code now requires that preparers have regard to CIPFA guidance "Accounting for Local Government Pension Scheme Management Costs".

CIPFA published this guidance in July 2014, which promoted greater transparency of investment management fees. These principles were adopted as best practice in the presentation of the Lothian Pension Fund audited Annual Report 2015. In June 2016, CIPFA revised its guidance including the following "Investment costs incurred by a separate legal entity, or in respect of investment decisions over which the pension fund has no control, should not be included in the Fund Account." The revised guidance changed the disclosure of fees for fund of funds investment arrangements. A "fund of funds" is an investment holding a portfolio of other investment funds rather than investing directly in funds. Typically fees are payable to the "fund of funds" manager as well as to the managers of the underlying funds. Generally, under the revised guidance from CIPFA, this second layer of fees would not be disclosed with just the fees from the "fund of funds" manager stated.

In the preparation of the Funds' Annual Report for 2014/15 and 2015/16, the Funds made efforts to be completely transparent on the totality of costs incurred for managing its investment assets. The Funds disclosures included all layers of fees. At its meeting on 28 September 2016, the Pensions Committee agreed to instruct the Committee Clerk to communicate to the Chartered Institute of Public Finance and Accountancy (CIPFA), Audit Scotland and the Scottish Local Government Pension Scheme Advisory Board (SLGPSAB), the Committee's and Convener's disquiet with the relaxation of the principle of full cost transparency of investment management fees, as explicit in CIPFA's revised guidance "Accounting for Local Government Pension Scheme Management Costs".

On 18 November 2016, the Scottish LGPS Scheme Advisory Board it issued Circular 01/2016, entitled "Transparency Code". This stated that it welcomed the "Code of Transparency for LGPS asset managers", as developed by its counterpart in England and Wales, and asked "pension funds in Scotland to promote the code with their own asset managers". This Code is voluntary with asset managers encouraged to demonstrate their commitment to transparent reporting of costs. The financial statements of Lothian Pension Fund, Lothian Buses Pension Fund and Scottish Homes Pension Fund continue, however, to include full transparency of all investment management fees.

	Investment management expenses in compliance with CIPFA guidance	Investment management expenses per 2016/17 financial statements	Disclosure in excess of CIPFA guidance
	£000	£000	£000
Lothian Pension Fund	23,555	27,712	4,157
Lothian Buses Pension Fund	1,555	1,880	325
Scottish Homes Pension Fund	212	212	0
TOTAL	25,322	29,804	4,482

Investment cost benchmarking

In an effort to provide stakeholders with some comfort that the Fund is carefully managing and fully understands investment costs, Lothian Pension Fund provides data to a benchmarking expert for analysis. Investment strategy focuses on risk adjusted returns, net of costs. The Fund has participated in investment cost benchmarking provided by CEM, an independent benchmarking expert for global pension funds with a database of 297 global pension funds representing £5.6 trillion in assets. To provide a fair comparison, CEM calculates a benchmark based on fund size and asset mix, which are key drivers of investment costs.

The latest analysis shows Lothian Pension Fund's investment costs of 0.36% of Fund assets are significantly lower than CEM's benchmark cost of 0.45%, an equivalent annual saving of approximately £4.4m. This saving largely reflects the fact that the Fund manages a relatively high percentage of assets internally compared with other similar pension funds and that it has low exposure to fund-of-fund investment vehicles.

Risk management

The Funds are committed to a strong control environment to ensure that risks are identified, understood, managed and monitored appropriately. The risks faced by the Funds change over time and ongoing management of risk is crucial. The Funds also have a compliance policy and each manager is responsible for ensuring compliance within their area of responsibility.

As at 31 March 2017, the most significant risks (after taking account of risk reduction controls), as assessed using a score out of 10 by the Funds' management team, were as follows:

Description	Impact	Likelihood	Risk score
Adverse investment performance leading to pressure on employer contributions	5	4	20
Adverse movement against non-investment funding assumptions leading to pressure on employer contributions	5	7	35
Collapse/restructuring of an employer body leading to pressure on other employers	4	8	32
Failure of IT leading to poor ICT responsiveness, legal exposure and cost/risk implications.	6	7	42

Performance

The Funds have a strong commitment to customer service which drives the continual development of our services to ensure the best possible service for customers whilst recognising potential demands of the future. Our vision, objectives and key actions are shown in our service plan along with how we measure their success. Our progress is reported regularly to the Pensions Committee and Pension Board.

In 2016/17 we have delivered the following achievements:

- Received Financial Conduct Authority registration of LPFI Limited
- Begun collaborative working on infrastructure with other LGPS funds
- Achieved Pensions Administration Standards Association accreditation
- Commenced implementation of investment unitisation system
- Continued work to undertake Guaranteed Minimum Pension (GMP) reconciliation with HMRC
- Continued to provide a shared service to Falkirk Pension Fund.

We also measure our performance against a set of behaviours and attitudes:



- We put our customers first and aim to provide the very best service
- Our people are at the very heart of our business and we work together to deliver our service
- We strive to improve our services by thinking ahead and developing new solutions
- We are committed to supporting a culture of honesty and transparency.



We put our customers first and aim to provide the very best service.

	Target	Actual
Maintain Customer Service Excellence Standard	Retain	Retained
Overall satisfaction of employers, active members and pensioners with our services as measured by surveys	88%	90%
Proportion of active members receiving a benefit statement by 31 August 2016	100%	99.6%

Customer Service Excellence

To maintain our commitment to customer service, we use the Customer Service Excellence (CSE) framework which ensures we are continuously making improvements. We are assessed annually by an external assessor and at our assessment in February 2016, we retained the CSE award for another year. We also gained an additional Compliance Plus award bringing the number held to five for areas such as complaint handling and working with employers.

In 2017, the assessor said, "Lothian Pension Fund has been a long-term holder of both the Charter Mark and CSE standards, and this is clearly shown in the outcome of this year's rolling programme review. The service has continued to show that it consults with its customers and adapts its services to reflect their growing expectations. The approach to complaints resolution continues to be of the highest standard, and the service demonstrated a robust approach to root cause analysis to prevent repetition of failures."

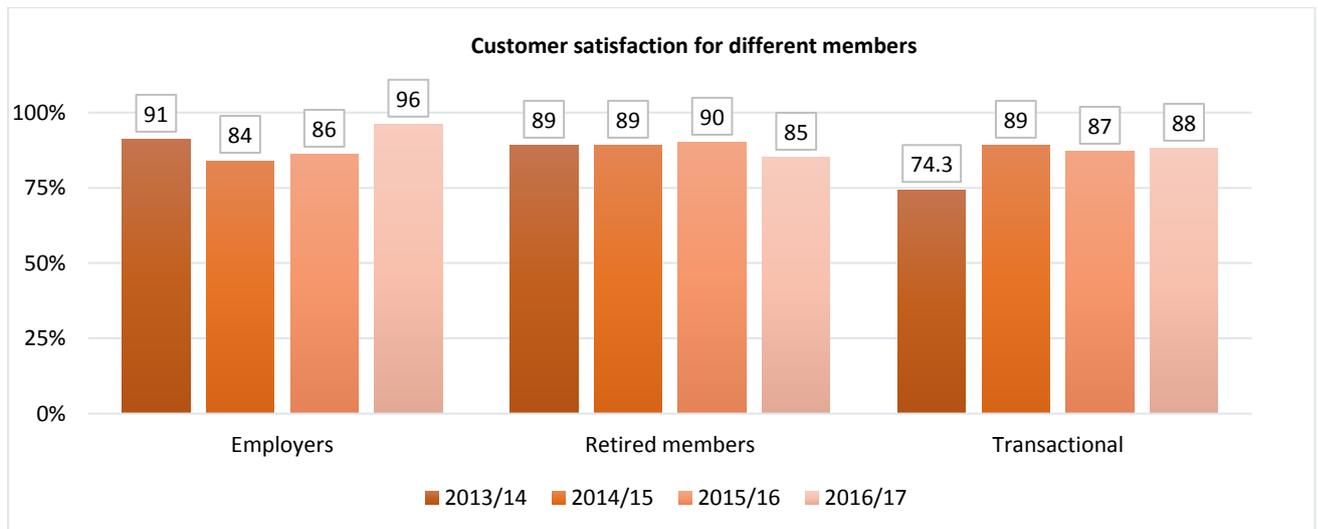
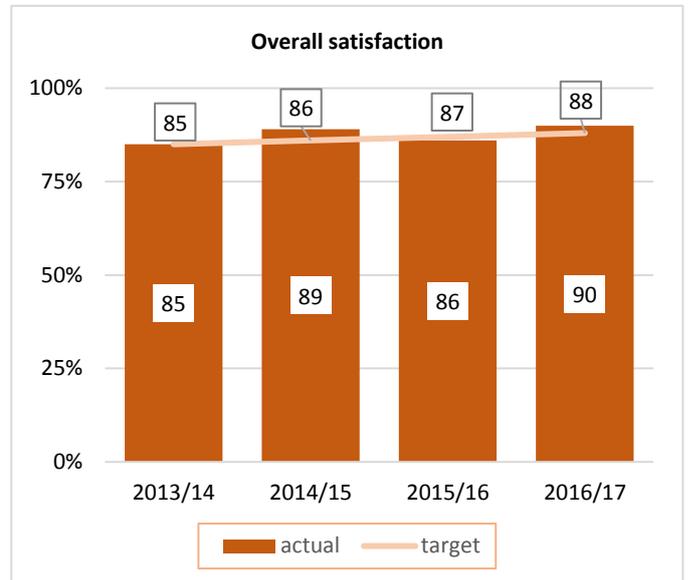


Customer satisfaction

Our overall customer satisfaction has increased steadily over recent years and was 90% in 2016/17, exceeding the target of 88%.

The chart below shows the satisfaction of different customer groups.

We received over 7,300 emails about general pension issues and have worked hard to improve our service provided via email by improving the quality of responses and reducing the time taken to respond. We also received over 6,000 emails about registering for our online service with some members reporting difficulties registering for the service. We have worked with our IT supplier to address these issues.



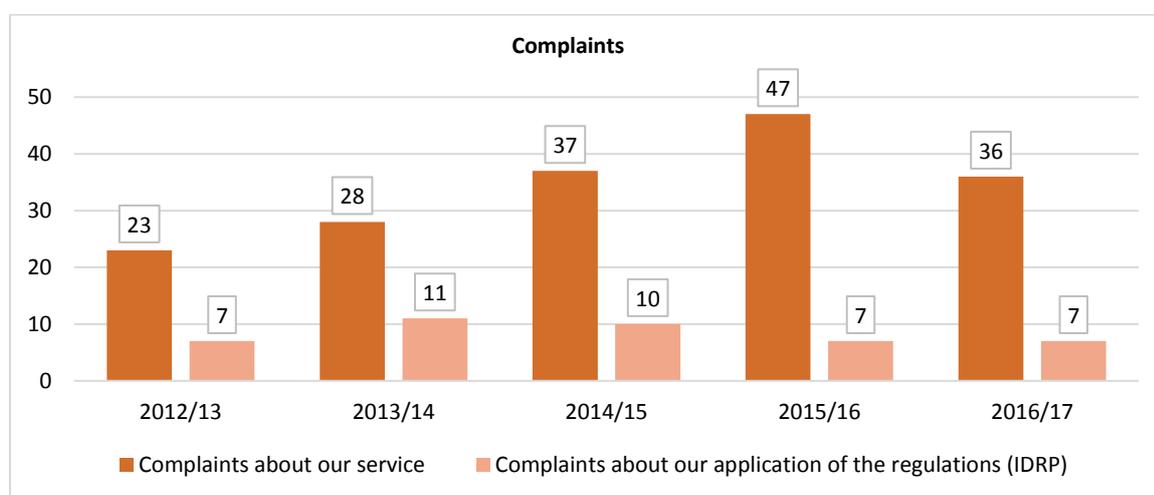
Complaints

We monitor complaints we receive and ensure they are responded to promptly. We investigate and learn from complaints to improve the service. We categorise our complaints in two ways:

- Complaints about our service
- Complaints about our application of the regulations

The graph shows the number of complaints in each of the categories. These represent less than 0.1% percentage of the procedures (over 23,000) we carried out in 2016/17.

The Funds responded to all complaints within 20 working days. In 2015/16, there was an increase in complaints resulting from delays in processing requests to transfer out of the fund. This year, the number of complaints has reduced and related to a broader range of issues including the differences in pension entitlements, late payment of benefits and changes to the State Pension and ending of contracting out.



Annual benefit statements and data quality

We issued 99.6% of benefit statements by 31 August 2016 meeting The Pension Regulator's target for the issuing benefit statements. A small number of statements were not issued where the member was employed on a casual basis prior to March but did not do any work up to the end of the year. During the year, most employers submitted monthly contribution data to the Funds, leading to cleaner membership data, quicker services to members and fewer queries at the end of the year. Three employers who did not supply data to us monthly had a fine imposed under section 8.2 of our Pensions Administration Strategy.

Along with our employer web portal, introduced to assist with the transfer of data, we have adopted other initiatives to improve member information. We use Tell Us Once, the Department of Work and Pension service which allows the relatives of a person who has died to inform central and local government services of the death all at one time rather than having to contact each service individually. We also participate in specialist longevity and data analyses through "Club Vita", a service provided by the Funds' Actuary. We also carry out quarterly checks with the General Register Office and participate in the National Fraud Initiative. In 2014, we carried out a matching exercise for deferred members where we have lost touch with them. The project is currently being followed up with contact being made where a possible match has been found.

Following the end of contracting-out of the Second State Pension (S2P) on 5 April 2016, pension schemes need to reconcile the Guaranteed Minimum Pension (GMP) values they hold for members with those calculated by HMRC. Schemes will be obliged to pay whatever GMPs are attributed to them, even those that may be incorrectly calculated or have been transferred out. An initial assessment shows 54% of member records matching those of the Government's and reconciliation is underway for the remainder.



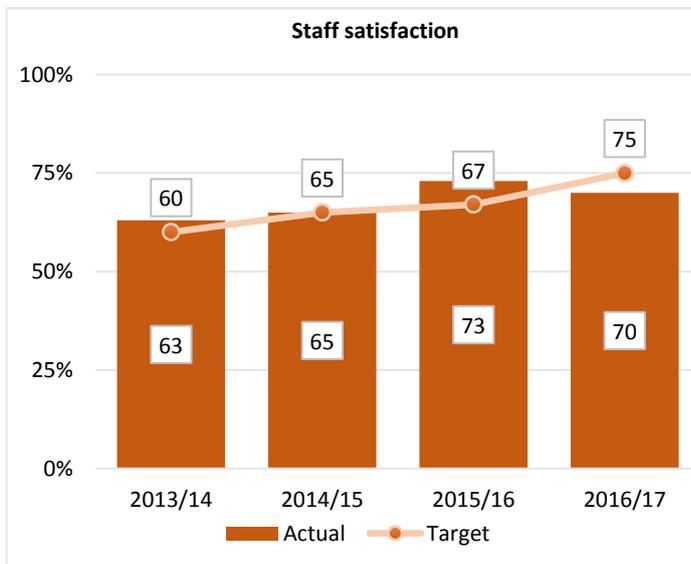
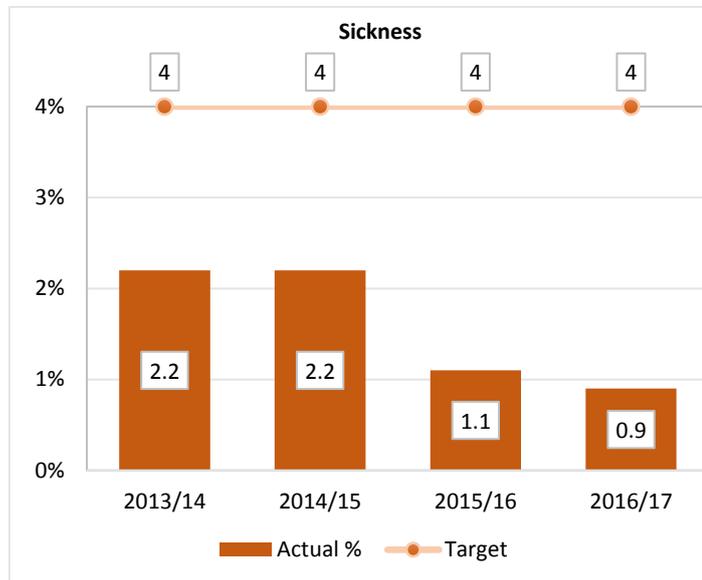
Our people are at the very heart of our business and we work together to deliver our service.

	Target	Actual
All staff complete at least two days training a year	Yes	Yes
Level of sickness absence	4%	0.9%
Staff survey satisfaction	75%	70%

Over the last financial year, staff participated in regular training. As well as attendance at external seminars and studying for qualifications, we held in-house sessions covering topics such as investments, annual accounts and funding.

The sickness absence rate was very low again at 0.9%.

We also participate in the Modern Apprentice programme, which offers paid employment and workplace training for those who have left school in the past three years, and the Job, Education and Training Programme (JET) for school pupils which is a work-based learning programme which combines school education with vocational training and real-life work experience.



In our annual staff survey in 2016, 96% of staff responded with overall satisfaction decreasing marginally from 73% to 70% which is lower than the target of 75%. The graph shows the comparison figures since 2013/14.

This year's survey also included questions regarding views on collaboration with other pension funds. 86% said they understood the reasons for collaboration and 66% felt that Lothian Pension Fund should look to collaborate with other funds.



We strive to improve our services by thinking ahead and developing new solutions.

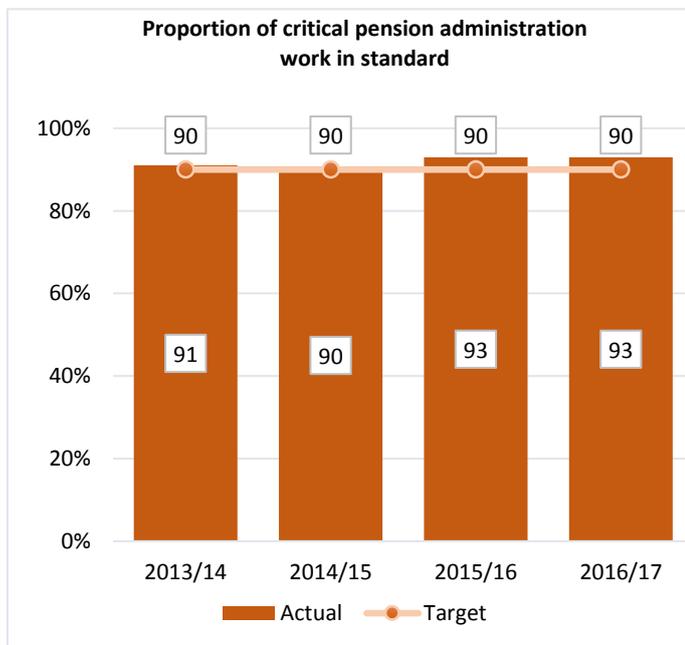
	Target	Actual
Proportion of critical pensions administration work completed within standards	Greater than 90%	93%

Our in-house pension administration team provides a dedicated service for the three pension Funds. We monitor the time taken to complete our procedures. Key procedures include processing of retirement and dependent benefits, providing information for new members, transfers and retirement quotes.

The introduction of the career average pension scheme in April 2015 has meant that pension administration has become more complex for both the Fund and employers. We continue to review our processes to improve our performance so that the Fund can meet new challenges and deliver an excellent service to members.

Despite the challenging environment, 93% of key procedures in 2016/17 were completed in target.

The Pensions Administration Strategy sets out the roles and responsibilities of both the Funds and employers specifying the levels of services the parties will provide to each other, and making reference to four key areas where the Funds will pass on the costs of poor performance from employers:



- Late payment of contributions
- Late submission of membership information at the end of the year
- Failure to supply the Funds with information required to provide members with pensions savings statements
- Failure to provide details of member contributions on a monthly basis.

These areas are particularly important to ensure compliance with legislation, including accurate data to administer the new career average pension scheme and the requirement to provide members with a pension forecast by 31 August each year. Charges for late payment of contributions are as stated in the Scheme regulations whilst other charges have been set to reflect the additional time spent in resolving queries and pursuing late information.

The Funds monitors employer performance against the standards set out in the Pension Administration Strategy. Results are reported to employers by way of an annual performance, with more regular reporting for larger employers.

Overall employer performance for 2016/17 is shown below, with 2015/16 shown for comparison purposes.

Case type	Target (working days)	2015/16			2016/17		
		Number received	Number within target	% within target	Number received	Number within target	% within target
New members	20	4,653	4,074	88%	4,737	4,052	86%
Leavers	20	2,377	1,207	51%	3,425	1,421	42%
Retirements	20	1,156	398	34%	1,244	440	35%
Deaths in Service	10	40	11	28%	29	21	72%

The majority of new member information continued to be received within target and the increase in numbers is due to auto-enrolment. Information provided within the 20-day target of the member leaving fell this year. As part of the Fund's drive to improve data, over 1,000 members who had left without the employer supplying details have been targeted within the last six months and we appreciate the support and effort employers have made to address this issue.

Retirement information was provided late than target in a significant proportion of cases and the primary reason for this was due to employers making decisions at short notice for cases such as voluntary redundancy. We have introduced a process for large scale early retirement exercises to handle up to 500 quotes in one quarter with our online facility allowing members to see potential benefits before applying for voluntary redundancy. This has significantly reduced work for both employers and the Funds reducing the numbers who apply speculatively. We also provide voluntary redundancy estimates online and email members the answer to frequently asked questions to help them understand their options.



We are committed to supporting a culture of honesty and transparency.

	Target	Actual
Audit of Annual Report and Financial Statements	Unqualified opinion	Yes
Monthly pension payroll paid on time	Yes	Yes
Data quality - compliance with best practice as defined by The Pensions Regulator	Fully compliant	YES
Contributions received within 19 days of the end of the month to which they relate	99.0%	99.3%

Our 2015/16, Annual Report and Financial Statements were audited by Audit Scotland and received an unqualified audit. The Funds also paid over £216million of pension benefits and lump sums to our members, primarily into the local economy where most of our members live.

Pension record keeping standards are measured against The Pension Regulator’s best practice guidance. The Pension Regulator has amended their guidance and now does not provide a target. However, for this year we have used the target set previously. Significant work has been complete to ensure data is up to date. We have also carried out tracing of members where we do not hold a current address. An action plan to meet the additional guidance going forward will be prepared with overall and individual targets set in the future to give a clear indication of any areas that require further work.

	Target	Actual
Common data	100%	99.9%
Conditional and numerical data Fund specific measurement including date of joining, pensionable remuneration, date of leaving and reasons for leaving etc.	98%	99.9%

The Pensions Act 1995 requires employers to pay pension contributions by the 19th of the month following the deduction from an employee’s pay. This requirement is highlighted in the Fund’s Pensions Administration Strategy. We monitor this requirement via our key performance indicators to ensure compliance with the Act. The target for 2016/17 year was 99% pension contributions paid in time. 99.3% of contributions by value were paid on time. Of the 1,180 payments made to the Fund in 2016/17, in total 46 were paid later than the target of the 19th of the month. The number of late payments for each employer is provided below.

Employer	Number of late payments	Employer	Number of late payments
Baxterstorey	1	Homes for Life	1
Canongate Youth [1]	2	Keymoves	1
Centre for Moving Image	1	Mitie	1
Dean Orphanage	3	Museums Galleries Scotland	1
Donaldson Trust	2	Open Door Accommodation Project	1
Edinburgh Leisure	2	Pilton Equalities Project	2
Edinburgh Rape Crisis Centre [1]	1	Police Scotland	2
Edinburgh World Heritage Trust	1	Royal Edinburgh Military Tattoo	2
Enjoy East Lothian	4	Scotland’s Learning Partnership [1]	5
Festival City Theatres Trust [1]	2	Scottish Futures Trust	1
Forth and Oban	1	Skanska [1]	3
Four Square	1	Victim Support Scotland	1
Granton Information Centre	1	Visit Scotland	1
Homeless Action Scotland	2	TOTAL	46

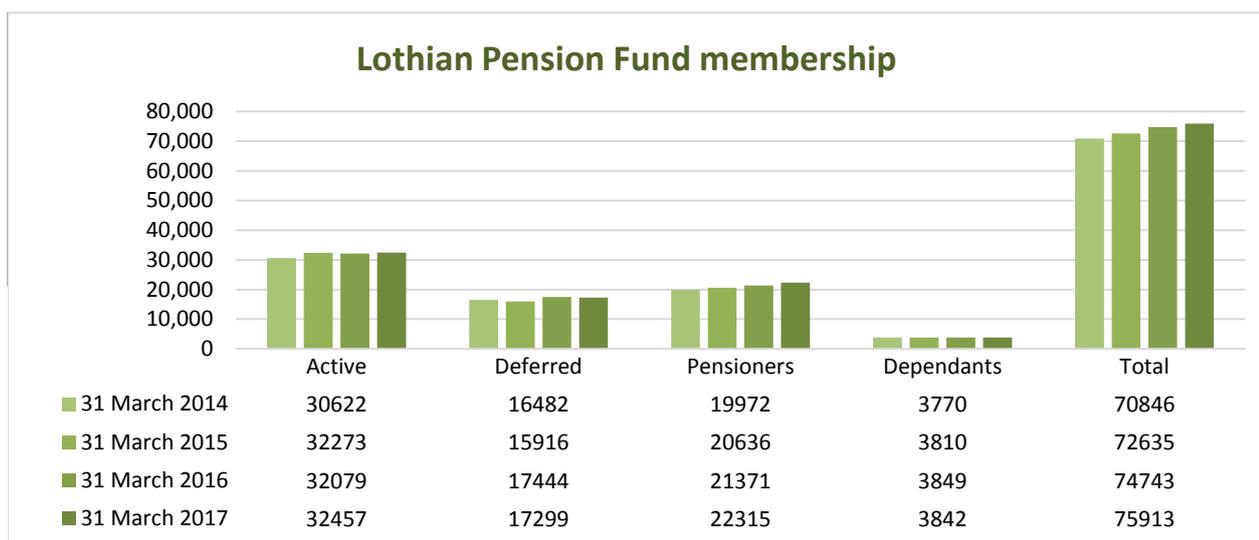
Management commentary approved by:

ANDREW KERR
Chief Executive
The City of Edinburgh Council
28 June 2017

CLARE SCOTT
Chief Executive
Lothian Pension Fund
28 June 2017

JOHN BURNS
Chief Financial Officer
Lothian Pension Fund
28 June 2017

Lothian Pension Fund



Investment Strategy

Following completion of the 2014 Actuarial Valuation, the Investment Strategy Panel and Pensions Committee reviewed the Fund's investment strategy in light of developments in pension fund membership, expected cash flow, funding level, investment risk and returns.

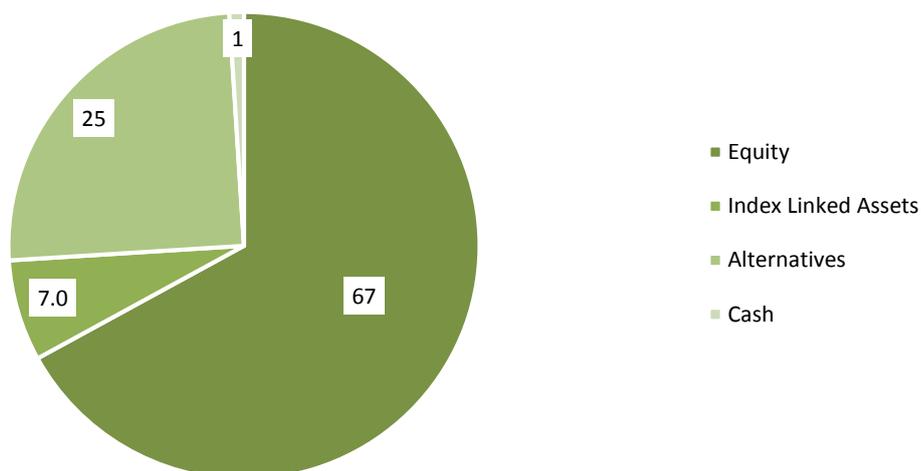
Lothian Pension Fund manages two investment strategies, which provides employers with access to an appropriate level of risk dependent on their individual characteristics (covenant strength, funding position, liability profile and time horizon). Most employer liabilities are funded in Strategy 1, which invests in a diversified portfolio of assets that are expected to generate positive real returns over the long term, but which will be volatile over shorter periods. Employers accounting for less than 1% of the Fund's liabilities are funded on a 'gilts' basis in Strategy 2, which invests in a portfolio of index-linked gilts to minimise risk for these employers.

Following completion of the 2014 Actuarial Valuation, the Fund's Investment Strategy was reviewed. The Pensions Committee agreed in December 2015 that the Investment Strategy 2012-17 remained appropriate for the vast majority of employer liabilities. This strategy, Strategy 1, reduces the allocation to equities (including private equity) from 71.5% at the end of 2012 to 65% by the end of 2017 and increases the allocation to index-linked assets and alternatives. (Alternatives include property, infrastructure, timber and fixed income assets, such as corporate bonds and other debt investments.) The strategy recognises a gradually changing risk profile for the Fund, but retains significant exposure to investments, such as index-linked assets and equities, which have a history of protecting or enhancing purchasing power after the effects of inflation have been taken into account.

The long term strategy for 2012-17 is set out in the table below along with the current interim strategy allocation and the asset allocation limits under normal financial conditions.

Strategy 1	Strategic Allocation 31/03/2017 %	Long term Strategy 2012 - 2017 %	Permitted ranges %
Equities	66	65	50 - 75
Index Linked Assets	7	7	0 - 20
Alternatives	26.5	28	20 - 35
Cash	0.5	0	0 - 10
Total	100	100	n/a

Actual Asset Allocation (%) at 31 March 2017



The implementation of the Investment Strategy 2012-17 continued to proceed at a measured pace over 2016/17 as investment opportunities became available and as research on opportunities was completed. Progress towards the long term strategy allocation involves the interim strategy allocation and the actual asset allocation changing gradually over time. The pace of change can be accelerated or slowed depending on asset prices, the availability of alternative investments and research conclusions on new investment opportunities.

A key objective of the Fund's investment strategy is to reduce risk, including risk within the equity pool of assets, and has involved a shift from a regional to a global manager structure. Significant steps have been taken in this regard in prior years. As such, 2016/17 represented much more of a "steady state" in terms of the structure within the equity exposure. The only notable change to report over the year was within one of the internally managed regional portfolios. The Europe (ex UK) is being managed using an investment process created by the internal portfolio management team. Almost 90% of the Fund's equities are now managed internally with the majority of these in low cost, low turnover strategies, which are expected to enhance the Fund's risk-adjusted returns over the long term. The Fund continues to outsource a small proportion of investment management services which complement the portfolio strategies employed internally.

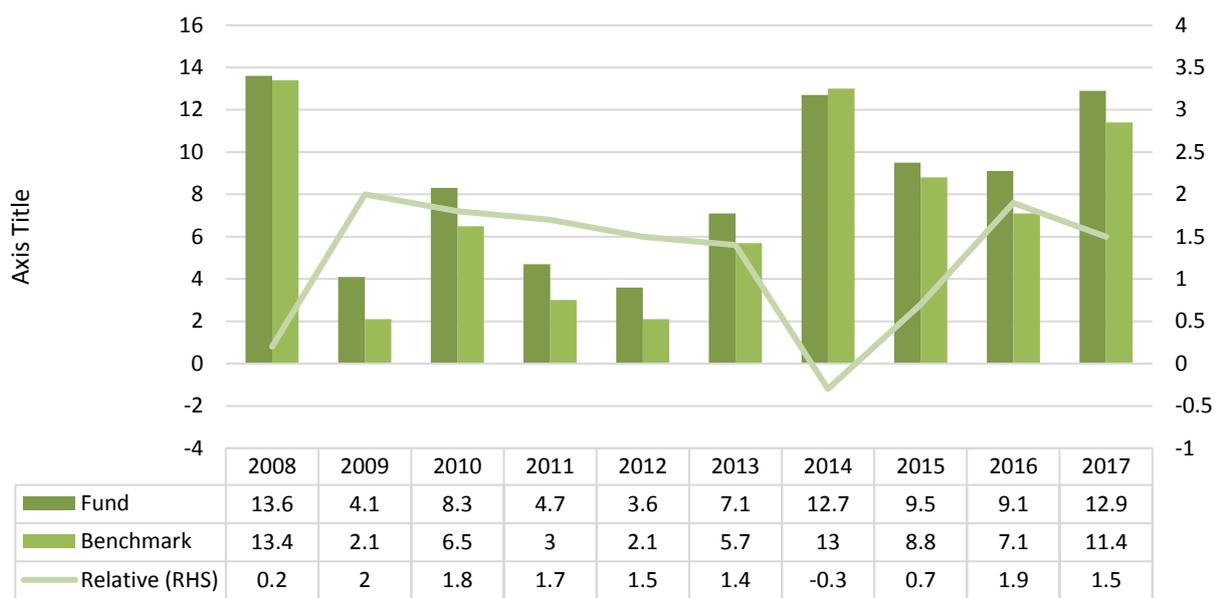
Investment performance

Annualised returns to 31 March 2017 (% per year)	1 year	5 year	10 years
Lothian Pension Fund - Strategy 1	21.7	12.9	8.2
Benchmark*	24.8	11.4	6.6
Lothian Pension Fund - Strategy 2 (from 2015)	19.9	-	-
Benchmark	19.9	-	-
Actuarial Valuation Assumptions - Strategy 1 **	5.0	5.5	5.8
Actuarial Valuation Assumptions - Strategy 2 **	3.5	4.9	5.5
Retail Price Index (RPI)	3.1	2.3	2.8
Consumer Price Index (CPI)	2.3	1.4	2.3
National Average Earnings	2.4	1.9	2.0

*Comprises equity, index-linked gilts and cash indices as well as an inflation-linked index for the alternatives allocation

**estimated

Annualised 5 yearly returns ending 31 March for Strategy 1 (% per year)



The objectives of the Fund are:

- over long-term economic cycles (typically 5 years or more) the achievement of the same return as that generated by the strategic allocation
- over shorter periods, the Fund should perform better than the strategic allocation if markets fall significantly.

Lothian Pension Fund's assets have increased by £1,161million, with investments returning 21.7% over the year, slightly behind the benchmark of 24.8%. The internal team manages a significant proportion of assets of all three pension funds in-house. For Lothian Pension Fund this includes approximately £3.4billion of listed equity assets and a currency hedging programme specifically designed to provide downside protection in times of market stress while participating in some, though not necessarily all, of any upward movement. The underperformance relative to the benchmark this year follows on from a period of significant outperformance (+6.2%) in the prior year (2015/16) and over longer term periods the Fund is meeting its objective, exceeding the benchmark but with lower volatility.

Returns relative to the benchmark over a one year period need to be placed in the context that there are no ideal benchmarks for many of the assets held in the Fund, especially the Alternatives. The true value and returns on the unlisted investments in the Alternatives portfolio will not be known until assets are realised, perhaps not for several years. Investments are made in Alternative asset classes due to the attractive expected long-term returns and the diversification they provide. Additionally, the low risk equity exposure is specifically designed to provide downside protection in times of market stress while participating in some, though not necessarily all, of any upward movement. It is therefore likely that returns may deviate meaningfully from the benchmark over shorter time periods. The Investment Strategy Panel assesses the underlying risks of the portfolios that make up the asset allocation to ensure that these are consistent with the long-term objectives of the Fund.

Lothian Pension Fund Group

Fund Account for year ended 31 March 2017

This statement shows a summary of the income and expenditure that the Pension Fund has generated and consumed in delivering the Local Government Pension Scheme. Included is the income generated from employers' and employees' contributions and investment income, as well as the cost of providing benefits and administration of the Fund.

Lothian Pension Fund Parent	Lothian Pension Fund Group		Note	Lothian Pension Fund Parent	Lothian Pension Fund Group
2015/16 £000	2015/16 £000			2016/17 £000	2016/17 £000
		Income			
159,872	159,872	Contributions from employers	4	153,735	153,735
42,800	42,800	Contributions from members	5	42,578	42,578
2,780	2,780	Transfers from other schemes	6	5,536	5,536
205,452	205,452			201,849	201,849
		Less: expenditure			
133,624	133,624	Pension payments including increases	7	141,778	141,778
46,315	46,315	Lump sum retirement payments	8	48,895	48,895
5,336	5,336	Lump sum death benefits	9	6,384	6,384
519	519	Refunds to members leaving service		615	615
417	417	Premiums to State Scheme		361	361
6,075	6,075	Transfers to other schemes	10	11,098	11,098
1,743	1,766	Administrative expenses	11a	1,895	1,954
194,029	194,052			211,026	211,085
11,423	11,400	Net (withdrawals)/additions from dealing with members		(9,177)	(9,236)
		Returns on investments			
134,113	134,113	Investment income	12	153,016	153,016
216,646	216,646	Change in market value of investments	14, 20b	1,044,952	1,044,952
(34,400)	(34,520)	Investment management expenses	11b	(27,375)	(27,712)
316,359	316,239	Net returns on investments		1,170,593	1,170,256
327,782	327,639	Net increase in the Fund during the year		1,161,416	1,161,020
5,106,232	5,106,232	Net assets of the Fund at 1 April 2016		5,434,014	5,433,871
5,434,014	5,433,871	Net assets of the Fund at 31 March 2017		6,595,430	6,594,891

Lothian Pension Fund Group

Net Assets Statement as at 31 March 2017

This statement provides a breakdown of type and value of all net assets at the year end.

Lothian Pension Fund Parent	Lothian Pension Fund Group		Note	Lothian Pension Fund Parent	Lothian Pension Fund Group
31 March 2016	31 March 2016			31 March 2017	31 March 2017
£000	£000			£000	£000
Investments					
5,413,590	5,413,590	Assets		6,570,547	6,570,547
(14,627)	(14,627)	Liabilities		(1,798)	(1,798)
5,398,963	5,398,963	Net investment assets	13	6,568,749	6,568,749
Non current assets					
451	451	Debtors	24	259	259
332	332	Computer systems		248	248
-	-	Share Capital		50	-
-	36	Deferred tax	29b	-	117
783	819			557	624
Current assets					
4,287	4,287	The City of Edinburgh Council	28	4,467	4,467
41,327	41,331	Cash balances	21, 28	27,278	27,362
12,670	12,703	Debtors	25	14,938	14,965
58,284	58,321			46,683	46,794
Non current liabilities					
-	(180)	Retirement benefit obligation	30	-	(685)
-	(180)			-	(685)
Current liabilities					
(24,016)	(24,052)	Creditors	26	(20,559)	(20,591)
(24,016)	(24,052)			(20,559)	(20,591)
5,434,014	5,433,871	Net assets of the Fund at 31 March 2017		6,595,430	6,594,891

JOHN BURNS FCMA CGMA

Chief Finance Officer, Lothian Pension Fund

28 June 2017

Notes to the net asset statement

The financial statements summarise the transactions of the Fund during the year and its net assets at the year end. They do not take account of the obligations to pay pensions and benefits which fall due after the end of the year. The actuarial position of the Fund, which does take account of such obligations, is discussed in the Actuarial Valuation section of this report and these financial statements should be read in conjunction with that information. In addition, as required by IAS26, the Actuarial Present Value of Promised Retirement Benefits is disclosed in the notes to these financial statements.

Notes to the Accounts

1 Statement of Accounting Policies

The statement of accounting policies for all Funds can be found on page 112.

2 Lothian Pension Fund Group

Basis of consolidation, presentation of financial statements and notes

Commencing with the year ended 31 March 2016, Consolidated Financial Statements have been prepared for Lothian Pension Fund. The Financial Statements of Lothian Buses Pension Fund and Scottish Homes Pension Fund continue to be prepared on a single entity basis.

The Consolidated Financial Statements for Lothian Pension Fund are prepared by combining the Financial Statements of the Fund (the parent entity) and its controlled entities (LPFE Limited and LPFI Limited) as defined in accounting standard IAS27 - Consolidated and Separate Financial Statements. Consistent accounting policies are employed in the preparation and presentation of the Consolidated Financial Statements. All inter-entity balances and transactions between entities, including any unrealised profits or losses, have been eliminated on consolidation.

Because the controlled entities activities are primarily focused on the provision of services to the Fund, its consolidation has a limited impact on the figures included in the Fund Account and Net Assets Statement of Lothian Pension Fund. An additional column has been added in both the Fund Account and Net Assets Statement, with the figures prior to consolidation being identified as "Parent" and after consolidation as "Group". In the notes to the accounts, where there is a difference between the parent and group figures they are identified as either "Parent " or "Group".

Note	Description
28	Related party transactions and balances Describes transactions during the year and balances at year end which relate to the parent and the companies.
29a	Consolidated Lothian Pension Fund group - LPFE Limited - deferred tax Describes the deferred tax non-current asset of the Company. See 2 f) ii) in the Statement of Accounting Policies and General notes for more information.
29b	Consolidated Lothian Pension Fund group - LPFE Limited and LPFI Limited - share capital Describes the share capital of the Company.
30	Retirement benefits obligation - group Provides the information on the retirement benefits obligation of the Company as required under IAS19 - Employee Benefits. See 2 q) ii) in the Statement of Accounting Policies and General notes for more information.

3 Events after the Reporting Date

There have been no events since 31 March 2017, and up to the date when these accounts were authorised, that require any adjustments to these accounts.

Notes to the Accounts

4 Contributions from employers

The total contributions receivable for the administering authority, other scheduled bodies and admitted bodies were as follows:-

By category	2015/16 £000	2016/17 £000
Future service rate	133,035	133,301
Past service deficit	7,357	7,668
Strain costs	9,984	12,558
Cessation contributions	9,496	208
	159,872	153,735

By employer type	2015/16 £000	2016/17 £000
Administering Authority	63,459	63,542
Other Scheduled Bodies	77,198	71,426
Community Admission Bodies	18,784	18,312
Transferee Admission Bodies	431	455
	159,872	153,735

Employer contributions, as calculated by the Fund Actuary, comprise two elements:

- An estimate of the cost of benefits accruing in the future, referred to as the "future service rate", which is expressed as a percentage of payroll and;
- an adjustment for the solvency of the Fund based on the benefits already accrued. If there is a surplus, there may be a contribution reduction; if there is a deficit there may be a contribution increase. For all employers, contributions to cover any Past Service Deficit are expressed as a fixed monetary sum, rather than as a percentage of payroll and are payable on a monthly basis that is one twelfth of the annual total.

Where an employer makes certain decisions which result in benefits being paid early, this results in a "strain" on the Fund. The resulting pension strain costs are calculated and recharged in full to that employer.

Any employer that ceases to have at least one actively contributing member is required to pay cessation contributions.

5 Contributions from members

By employer type	2015/16 £000	2016/17 £000
Administering Authority	16,389	15,345
Other Scheduled Bodies	20,226	20,993
Community Admission Bodies	6,074	6,099
Transferee Admission Bodies	111	141
	42,800	42,578

6 Transfers in from other pension schemes

	2015/16 £000	2016/17 £000
Group transfers	-	-
Individual transfers	2,780	5,536
	2,780	5,536

Notes to the Accounts

7 Pensions payable

By employer type	2015/16 £000	2016/17 £000
Administering Authority	65,447	70,547
Other Scheduled Bodies	56,115	58,364
Community Admission Bodies	11,902	12,687
Transferee Admission Bodies	160	180
	133,624	141,778

Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998 [Section 31] allows employers to pay additional pensions on a voluntary basis.

As is typical within the Local Government Pension Schemes (LGPS), arrangements exist whereby additional teachers' pensions and employee pensions are paid with the payment of funded pensions. In order that such are not regarded as "unauthorised payments" by HMRC these pension payments are met by the administering authority through a general fund bank account and recharged to the body or service which granted the benefits.

As "unfunded payments" are discretionary benefits, they are not relevant to the sums disclosed in the Fund accounts. As such Lothian Pension Fund provides payment and billing services to certain employers on a no charge agency agreement basis.

8 Lump sum retirement benefits payable

By employer type	2015/16 £000	2016/17 £000
Administering Authority	27,160	26,340
Other Scheduled Bodies	15,336	18,503
Community Admission Bodies	3,685	3,900
Transferee Admission Bodies	134	152
	46,315	48,895

9 Lump sum death benefits payable

By employer type	2015/16 £000	2016/17 £000
Administering Authority	2,745	2,578
Other Scheduled Bodies	1,964	3,312
Community Admission Bodies	627	488
Transferee Admission Bodies	-	6
	5,336	6,384

10 Transfers out to other pension schemes

	2015/16 £000	2016/17 £000
Group transfers	-	173
Individual transfers	6,075	10,925
	6,075	11,098

Notes to the Accounts

11a Administrative expenses

	LPF Parent 2015/16 £000	LPF Group 2015/16 £000	LPF Parent 2016/17 £000	LPF Group 2016/17 £000
Employee Costs	992	994	1,093	1,098
The City of Edinburgh Council - other support costs	133	133	132	132
System costs	228	228	231	231
Actuarial fees	50	50	64	64
External audit fees	44	44	41	49
Legal fees	15	15	60	60
Printing and postage	77	77	79	79
Depreciation	57	57	57	57
Office costs	108	108	110	110
Sundry costs less sundry income	39	39	28	18
IAS19 retirement benefit adjustments - see note 30	-	27	-	66
Deferred tax on retirement benefit obligation - see note 29a	-	(6)	-	(10)
Corporation tax losses utilised by CEC group - see note 28	-	-	-	-
	1,743	1,766	1,895	1,954

The Investment and Pensions Division of the Council is responsible for administering the three pension Funds. The Division receives an allocation of the overheads of the Council. In turn the Division allocates administration and investment costs to the three pension funds. Costs directly attributable to a specific fund are charged to the relevant Fund, costs that are common to all three funds are allocated on a defined basis. Other costs are allocated on the basis of the number of members in each pension fund.

11b Investment management expenses

	LPF Parent 2015/16 £000	LPF Group 2015/16 £000	LPF Parent 2016/17 £000	LPF Group 2016/17 £000
External management fees -				
invoiced	7,123	7,123	3,970	3,970
deducted from capital (direct investment)	15,603	15,603	15,245	15,245
deducted from capital (indirect investment)	6,775	6,775	4,157	4,157
Securities lending fees	212	212	155	155
Transaction costs - Equities	2,201	2,201	956	956
Property operational costs	497	497	558	558
Employee costs	961	963	1,116	1,149
Custody fees	304	304	300	300
Engagement and voting fees	76	76	82	82
Performance measurement fees	46	46	50	50
Consultancy fees	78	78	64	64
System costs	185	185	245	245
Legal fees	103	103	210	210
The City of Edinburgh Council - other support costs	124	124	111	111
Depreciation	7	7	7	7
Office costs	71	71	85	85
Sundry costs less sundry income	34	34	64	(1)
IAS19 retirement benefit adjustments - see note 30	-	153	-	439
Deferred tax on retirement benefit obligation - see note 29	-	(30)	-	(70)
Corporation tax losses utilised by CEC group - see note 28	-	(5)	-	-
	34,400	34,520	27,375	27,712

Notes to the Accounts

11b Investment management expenses (cont)

Investment costs directly attributable to a specific fund are charged to the relevant Fund, costs that are common to all three funds are allocated based on the value of the Funds as at the year end.

Any indirect costs incurred through the bid-offer spread on some pooled investment vehicles are reflected in the cost of investment acquisitions or in the proceeds of investment sales (see note 14 - Reconciliation of movements in investments and derivatives).

It should be noted that Lothian Pension Funds disclosure on investment management fees goes further than CIPFA's LGPS Management Cost revised guidance on cost transparency which came into effect from 1st April 2016. Consistent with previous years, the Fund recognises fees deducted from investments not within its direct control (such as fund of fund fees) to give a full picture of its investment management costs. Further details can be found on page 19. This further disclosure highlights an extra £3.9m in costs (2016 £6.8m).

The external investment management fees (deducted from capital) above include £4.0m (£3.9m direct, £0.1m indirect) in respect of performance-related fees compared to £12.0m in 2015/16 (£7.9m direct, £4.1m indirect).

11c Total management expenses

	LPF Parent 2015/16 £000	LPF Group 2015/16 £000	LPF Parent 2016/17 £000	LPF Group 2016/17 £000
Administrative costs	1,570	1,582	1,686	1,719
Investment management expenses	32,814	32,900	26,345	26,592
Oversight and governance costs	1,759	1,804	1,239	1,355
	36,143	36,286	29,270	29,666

In accordance with CIPFA, the above analysis looks at the combined administration and investment management expenses in note 11a and b and splits out the costs to include a third heading covering oversight and governance expenditure.

12 Investment income

	2015/16 £000	2016/17 £000
Income from fixed interest securities	3,898	3,589
Dividends from equities	94,637	120,326
Unquoted private equity and infrastructure	13,581	5,646
Income from pooled investment vehicles	1,026	1,111
Gross rents from properties	20,914	23,085
Interest on cash deposits	1,237	597
Stock lending and sundries	1,142	775
	136,435	155,129
Irrecoverable withholding tax	(2,322)	(2,113)
	134,113	153,016

Notes to the Accounts

13 Net investment assets

	Region	31 March 2016 £000	31 March 2017 £000
Investment Assets			
Fixed interest securities			
Public sector fixed interest	Overseas	153,740	-
Public sector fixed interest	UK	-	156,876
Public sector index linked gilts quoted	UK	380,290	502,439
		534,030	659,315
Equities			
Quoted	UK	561,064	655,522
Quoted	Overseas	2,887,886	3,564,953
		3,448,950	4,220,475
Pooled investment vehicles			
Private equity, infrastructure, private debt & timber	UK	165,547	457,647
Private equity, infrastructure, private debt & timber	Overseas	550,617	556,623
Property	UK	82,453	67,969
Other	UK	17,275	19,191
		815,892	1,101,430
Properties			
Direct property	UK	356,281	356,741
		356,281	356,741
Derivatives			
Derivatives - forward foreign exchange		-	1,081
		-	1,081
Cash deposits			
Deposits		227,409	216,036
		227,409	216,036
Other investment assets			
Due from broker		18,648	1,320
Dividends and other income due		12,380	14,521
		31,028	15,841
Total investment assets		5,413,590	6,570,919
Investment liabilities			
Derivatives			
Derivatives - forward foreign exchange		(13,183)	(424)
		(13,183)	(424)
Other financial liabilities			
Due to broker		(1,444)	(1,746)
		(1,444)	(1,746)
Total investment liabilities		(14,627)	(2,170)
Net investment assets		5,398,963	6,568,749

Notes to the Accounts

14a Reconciliation of movement in investments and derivatives

	Market value at 31 March 2016 £000	Purchases at cost & derivative payments £000	Sale & derivative receipts £000	Change in market value £000	Market value at 31 March 2017 £000
Fixed interest	534,030	596,611	(595,768)	124,442	659,315
Equities	3,448,949	591,687	(573,782)	753,621	4,220,475
Pooled investment vehicles	815,893	266,289	(140,168)	159,416	1,101,430
Property	356,280	4,675	(2,358)	(1,856)	356,741
Derivatives - futures	-	(484)	(7,113)	7,597	-
Derivatives - forward foreign exchange	(13,183)	42,385	(8,823)	(19,722)	657
	5,141,969	1,501,163	(1,328,012)	1,023,498	6,338,618
Other financial assets / liabilities					
Margin balances	-			-	-
Cash deposits	227,409			21,837	216,036
Broker balances	17,205			(383)	(426)
Dividend due etc	12,380			-	14,521
	256,994			21,454	230,131
Net financial assets	5,398,963			1,044,952	6,568,749

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

Any indirect costs incurred through the bid-offer spread on some pooled investment vehicles are reflected in the cost of investment acquisitions and in the proceeds from sales and are therefore included in the tables above.

	Market value at 31 March 2015 £000	Purchases at cost & derivative payments £000	Sale & derivative receipts £000	Change in market value £000	Market value at 31 March 2016 £000
Fixed interest	414,330	308,910	(202,855)	13,645	534,030
Equities	3,267,975	1,256,575	(1,143,580)	67,979	3,448,949
Pooled investment vehicles	633,040	141,787	(81,080)	122,146	815,893
Property	316,169	25,153	(2,295)	17,253	356,280
Derivatives - futures	-	5	87	(92)	-
Derivatives - forward foreign exchange	29,800	4,316	(40,895)	(6,404)	(13,183)
	4,661,314	1,736,746	(1,470,618)	214,527	5,141,969
Other financial assets / liabilities					
Margin balances	-			-	-
Cash deposits	400,497			1,751	227,409
Broker balances	(384)			368	17,205
Dividend due etc	11,157			-	12,380
	411,270			2,119	256,994
Net financial assets	5,072,584			216,646	5,398,963

Notes to the Accounts

14d Reconciliation of fair value measurements within level 3

	Market value at 31 March 2016	Level 3 transfers		Purchases at cost & derivative payments	Sales & derivative receipts	Unrealised gains / (losses)	Realised gains / (losses)	Market value at 31 March 2017
		in	out					
Pooled investments								
Infrastructure	384,028	-	-	260,926	(57,620)	63,921	11,939	663,194
Property	64,743	-	-	5,492	(25,306)	(19,320)	19,811	45,420
Private Equity	168,904	-	-	6,939	(72,534)	(30,882)	56,884	129,311
Timber	125,313	-	-	-	(11,956)	2,491	16,684	132,532
Private debt	37,919	-	-	52,535	(3,866)	23	2,622	89,233
Freehold Property	348,375	-	-	3,955	-	(1,832)	-	350,498
Unlisted equity	566	-	-	-	-	-	(566)	-
	1,129,848	-	-	329,847	(171,282)	14,401	107,374	1,410,188

Unrealised and realised gains and losses are recognised in the profit and losses on disposal and changes in the market value of investments line of the fund account.

15 Derivatives - forward foreign exchange

Summary of contracts held at 31 March 2017

Contract settlement within	Currency bought	Currency sold	Local currency bought 000	Local currency sold 000	Asset value £000	Liability value £000
Up to one month	GBP	AUD	54,622	90,014	-	(261)
Up to one month	GBP	CAD	99,825	164,694	1,081	-
Up to one month	CAD	GBP	4,872	3,033	-	(112)
Up to one month	USD	JPY	28	3,116	-	-
One to six months	USD	AUD	868	1,186	-	(29)
One to six months	USD	CHF	4,154	4,143	-	(22)

Open forward currency contracts at 31 March 2017

1,081	(424)
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Net forward currency contracts at 31 March 2017

657

Prior year comparative

Open forward currency contracts at 31 March 2016

-	(13,183)
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Net forward currency contracts at 31 March 2016

(13,183)

The above table summarises the contracts held by maturity date, all contracts are traded on an over-the-counter basis.

In order to maintain appropriate diversification of investments in the portfolio and take advantage of wider opportunities, the Lothian Pension Fund invests over half of the fund in overseas markets. A currency hedging programme, using forward foreign exchange contracts, has been put in place to reduce the extent to which the Fund is exposed to certain currency movements.

Notes to the Accounts

16 Investment managers and mandates

Manager	Mandate	Market value at 31 March 2016 £000	% of total 31 March 2016 %	Market value at 31 March 2017 £000	% of total 31 March 2017 %
In-house	UK all cap equities	106,884	2.0	130,362	2.0
In-house	UK mid cap equities	105,980	2.0	121,061	1.8
Total UK equities		212,864	4.0	251,423	3.8
In-house	European ex UK equities	105,479	2.0	120,393	1.8
In-house	US equities	117,119	2.2	150,941	2.3
Total regional overseas equities		222,598	4.2	271,334	4.1
In-house	Global high dividend	759,254	14.1	928,720	14.1
In-house	Global low volatility	966,835	17.8	1,162,921	17.7
In-house	Global value	824,967	15.2	985,286	15.0
Harris	Global equities	186,652	3.5	263,263	4.0
Nordea	Global equities	223,912	4.1	280,815	4.3
Total global equities		2,961,620	54.7	3,621,005	55.1
In-house	Currency hedge	(12,370)	(0.2)	708	-
Total currency overlay		(12,370)	(0.2)	708	-
Total listed equities		3,384,712	62.6	4,144,470	63.0
In-house	Private equity unquoted	168,904	3.1	129,311	2.0
In-house	Private equity quoted	57,145	1.1	75,902	1.2
Total private equity		226,049	4.2	205,213	3.2
Total equity		3,610,761	66.8	4,349,683	66.2
In-house	Index linked gilts	357,163	6.6	450,833	6.9
In-house	Gold	17,020	0.3	19,652	0.3
Total inflation linked bonds and gold		374,183	6.9	470,485	7.2
In-house	Property	50,003	0.9	38,038	0.6
Standard Life	Property	422,452	7.8	414,574	6.3
Total property		472,455	8.7	452,612	6.9
In-house	Infrastructure unquoted	384,028	7.1	663,194	10.1
In-house	Infrastructure quoted	30,060	0.6	23,548	0.4
In-house	Timber	125,313	2.3	132,532	2.0
Total other real assets		539,401	10.0	819,274	12.5
In-house	Secured loans	13,770	0.3	14,142	0.2
In-house	Treasury bills	134,399	2.5	-	0.0
In-house	Private debt	37,918	0.7	89,233	1.4
In-house	Other bonds	-	0.0	159,307	2.4
Total other bonds		186,087	3.5	262,682	4.0

Notes to the Accounts

16 Investment managers and mandates (cont)

Manager	Mandate	Market value at 31 March 2016 £000	% of total 31 March 2016 %	Market value at 31 March 2017 £000	% of total 31 March 2017 %
In-house	Cash	137,886	2.6	159,645	2.4
In-house	Transitions	32,905	0.6	92	0.0
Total cash and sundries		170,791	3.2	159,737	2.4
Strategy A financial assets		5,353,678	99.2	6,514,473	99.2
In-house	Mature employer gilts	45,285	0.8	54,276	0.8
Strategy B financial assets		45,285	0.8	54,276	0.8
Net financial assets		5,398,963	100.0	6,568,749	100.0

17 Investments representing more than 5% of the net assets of the Fund or 5% of any investment class

	Market value at 31 March 2016 £000	% of asset class 31 March 2016	Market value at 31 March 2017 £000	% of asset class 31 March 2017
Bonds				
UK Gov 1.5% Senior Gilt 22/07/26	-	-	156,875	23.8
UK Gov 1.125% Index Linked 22/11/37	29,311	5.5	78,952	12.0
UK Gov 0.125% Index Linked 22/03/44	47,630	8.9	62,332	9.5
UK Gov 0.125% Index Linked 22/03/68	36,048	6.8	50,312	7.6
UK Gov 1.25% Index Linked 22/11/55	41,499	7.8	49,488	7.5
UK Gov 0.125% Index Linked 22/03/58	34,099	6.4	39,287	6.0
UK Gov 1.25% Index Linked 22/11/32	-	-	34,847	5.3
UK Gov 0.625% Index Linked 22/03/40	-	-	33,551	5.0
UK Gov 1.25% Index Linked 22/03/50	-	-	32,615	5.0
US Treasury Bill 0.375% 31/05/16	133,396	25.0	-	-
Pooled funds				
Stafford Elm Inc	45,094	5.5	50,421	4.6
Macquarie Infrastructure A & B LP	43,748	5.4	51,480	4.7
Property				
London, 119-125 Wardour St	28,050	7.9	27,100	7.6
Martlesham Heath, Retail Park	24,650	6.9	24,250	6.8
London, 100 St John Street	22,500	6.3	21,000	5.9
Sheffield, Bochum Parkway	19,850	5.6	20,200	5.7
Exeter, David Lloyd Leisure	17,875	5.0	18,825	5.3

Over the last two years no single investment represented more than 5% of the net assets of the Fund.

Notes to the Accounts

18 Securities lending

During the year Lothian Pension Fund participated in a securities lending arrangement with the Northern Trust Company. As at 31 March 2017, £220.3m (2016 £49.8m) of securities were released to third parties. Collateral valued at 104.6% (2016 107.6%) of the market value of the securities on loan was held at that date.

19 Property holdings

	2015/16 £000	2016/17 £000
Opening balance	316,169	356,280
Additions	25,153	4,675
Disposals	(2,295)	(2,358)
Net change in market value	17,253	(1,856)
Closing balance	356,280	356,741

As at 31 March 2017, there were no restrictions on the realisability of the property or the remittance of income or sale proceeds. The Fund is not under any contractual obligations to purchase or construct any of these properties. However, at year end the Fund does have funding approval in place for the development of Waterfront North Leisure Park, Walsall. The build period is 26 weeks, with practical completion anticipated in July 2017.

The future minimum lease payments receivable by the Fund are as follows

	2015/16 £000	2016/17 £000
Within one year	22,018	22,526
Between one and five years	67,158	67,195
Later than five years	94,517	99,741
	183,693	189,462

20 Financial Instruments

20a Classification of financial instruments

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the fair value amounts of financial assets and liabilities by category and net assets statement heading. No financial assets were reclassified during the accounting period.

All financial instruments are marked to market (at fair value) in the Fund's accounting records, hence there is no difference between the carrying value and fair value.

Notes to the Accounts

20a Classification of financial instruments (cont)

Classification of financial instruments - parent

	31 March 2016			31 March 2017		
	Designated as fair value through fund account £000	Loans and receivables £000	Financial liabilities at amortised cost £000	Designated as fair value through fund account £000	Loans and receivables £000	Financial liabilities at amortised cost £000
Investment assets						
Fixed interest	534,030	-	-	659,316	-	-
Equities	3,448,950	-	-	4,220,475	-	-
Pooled investments	815,892	-	-	1,101,430	-	-
Property Leases	7,905	-	-	6,243	-	-
Derivative contracts	-	-	-	1,081	-	-
Margin balances	-	-	-	-	-	-
Cash	-	227,409	-	-	216,036	-
Other balances	-	31,029	-	-	15,841	-
	4,806,777	258,438	-	5,988,545	231,877	-
Other assets						
City of Edinburgh Council	-	4,287	-	-	4,467	-
Cash	-	41,327	-	-	27,278	-
Share Capital	-	-	-	-	50	-
Debtors - current	-	12,670	-	-	14,937	-
Debtors - non-current	-	451	-	-	259	-
	-	58,735	-	-	46,991	-
Assets total	4,806,777	317,173	-	5,988,545	278,868	-
Financial liabilities						
Investment liabilities						
Derivative contracts	(13,183)	-	-	(424)	-	-
Other investment balances	(1,444)	-	-	(1,746)	-	-
	(14,627)	-	-	(2,170)	-	-
Other liabilities						
Creditors	-	-	(24,016)	-	-	(20,559)
Liabilities total	(14,627)	-	(24,016)	(2,170)	-	(20,559)
Total net assets	4,792,150	317,173	(24,016)	5,986,375	278,868	(20,559)
Total net financial instruments			5,085,307			6,244,684
Amounts not classified as financial instruments			348,707			350,746
Total net assets - parent			5,434,014			6,595,430

Notes to the Accounts

20a Classification of financial instruments (cont)

Classification of financial instruments - adjustments to parent to arrive at group

	31 March 2016			31 March 2017		
	Designated as fair value through fund account	Loans and receivables	Financial liabilities at amortised cost	Designated as fair value through fund account	Loans and receivables	Financial liabilities at amortised cost
	£000	£000	£000	£000	£000	£000
Other assets						
Cash	-	4	-	-	84	-
Share Capital	-	-	-	-	(50)	-
Debtors - current	-	33	-	-	27	-
Debtors - non-current	-	36	-	-	117	-
	-	73	-	-	178	-
Assets total	-	73	-	-	178	-
Other liabilities						
Retire. benefit obligation	-	-	(180)	-	-	(685)
Creditors	-	-	(36)	-	-	(32)
Liabilities total	-	-	(216)	-	-	(717)
Total net assets	-	73	(216)	-	178	(717)
Total adjustments to net financial instruments			(143)			(539)
Total net assets - group			5,433,871			6,594,891

20b Net gains and losses on financial instruments

	2015/16	2016/17
	£000	£000
Designated as fair value through fund account	197,274	1,025,354
Loans and receivables	2,119	21,454
Financial liabilities at amortised cost	-	-
Total	199,393	1,046,808
Gains and losses on directly held freehold property	17,253	(1,856)
Change in market value of investments per fund account	216,646	1,044,952

20c Fair Value Hierarchy

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1

Financial instruments at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities and unit trusts.

Quoted investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

Notes to the Accounts

20c Fair Value Hierarchy (cont)

Level 2

Financial instruments at Level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Level 3

Financial instruments at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include unquoted equity investments, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The values of the investments in unquoted private equity, infrastructure, timber and European real estate are based on valuations provided by the general partners to the funds in which the Fund has invested.

These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines or similar guidelines provided by the British Venture Capital Association, which follow the valuation principles of International Financial Reporting Standards (IFRS). The valuations are typically undertaken annually at the end of December. Cash flow adjustments are used to roll forward the valuations to 31 March as appropriate.

	31 March 2017			
	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Investment assets				
Designated as fair value through fund account	4,269,539	659,316	1,059,690	5,988,545
Non-financial assets at fair value through profit and loss	-	-	350,498	350,498
Loans and receivables	231,877	-	-	231,877
Total investment assets	4,501,416	659,316	1,410,188	6,570,920
Investment liabilities				
Designated as fair value through fund account	(2,171)	-	-	(2,171)
Total investment liabilities	(2,171)	-	-	(2,171)
Net investment assets	4,499,245	659,316	1,410,188	6,568,749

	31 March 2016			
	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Investment assets				
Designated as fair value through fund account	3,491,275	534,030	781,472	4,806,777
Non-financial assets at fair value through profit and loss	-	-	348,375	348,375
Loans and receivables	258,438	-	-	258,438
Total investment assets	3,749,713	534,030	1,129,847	5,413,590
Investment liabilities				
Designated as fair value through fund account	(14,627)	-	-	(14,627)
Total investment liabilities	(14,627)	-	-	(14,627)
Net investment assets	3,735,086	534,030	1,129,847	5,398,963

Notes to the Accounts

21 Nature and extent of risk arising from financial instruments

Risk and risk management

The Fund's primary aim is to ensure that all members and their dependants receive their benefits when they become payable. Investment strategy A aims to maximise the returns from investments within reasonable risk parameters and hence minimise the long-term cost to employers. It achieves this by investing in a diverse range of assets to reduce risk to an acceptable level. In addition, the Fund ensures that sufficient cash is available to meet all liabilities when they are due to be paid.

Responsibility for the Fund's overall investment strategies rests with the Pensions Committee. The Investment Strategy Panel and the internal investment team monitor investment risks on a regular basis. Investment risk management tools are used to identify and analyse risks faced by the Fund's investments.

Consideration of the Fund's investment risk is part of the overall risk management of the pensions operations. Risks are reviewed regularly to reflect changes in activity and market conditions.

Types of investment risk

There are various ways of considering investment risks for pension funds. For the purposes of this note, market risk is the potential for an investor to experience losses from falls in the prices of investments. All financial instruments, including cash deposits, present a risk of loss of capital and risks vary depending on different asset classes.

Market risk also changes over time as economic conditions and investor sentiment change. The Fund considers overall fluctuations in prices arising from a variety of sources: market risk, foreign exchange risk, interest rate risk, credit risk, etc. The different risks may, to some extent, offset each other.

The overall market risk of the Fund depends on the actual mix of assets and encompasses all the different elements of risk.

The Fund manages these risks in a number of ways:

- assessing and establishing acceptable levels of market risk when setting overall investment strategy. Importantly, risk is considered relative to the liabilities of the Fund
- diversification of investments in terms of type of asset, investment styles, investment managers, geographical and industry sectors as well as individual securities
- taking stewardship responsibilities seriously and pursuing constructive engagement with the companies in which we invest
- monitoring market risk and market conditions to ensure risk remains within tolerable levels
- using equity futures contracts from time to time to manage market risk. Exchange traded options are not used by the Fund.

Sensitivity analysis

Asset prices have a tendency to fluctuate. The degree of such fluctuation is known as "volatility" and it differs by asset class. The table sets out the long-term volatility assumptions used in the Fund's asset-liability modelling undertaken by the Fund's investment adviser KPMG:

Notes to the Accounts

21 Nature and extent of risk arising from financial instruments (cont)

Asset type	Potential price movement (+ or -)
Equities - Developed Markets	20.5%
Equities - Emerging Markets	30.0%
Private Equity	30.0%
Timber and Gold	18.0%
Secured Loans	8.0%
Fixed Interest Gilts	6.6%
Index-Linked Gilts	10.9%
Infrastructure	18.0%
Property	13.0%
Cash	1.1%

Volatility is the standard deviation of annual returns. Broadly speaking, in two years out of three, the asset's change in value (which could be a gain or a loss) is expected to be lower than the volatility figure, but in one year out of three, the change in value is expected to be higher than the volatility figure.

Asset classes do not always move in line with each other. The extent to which assets move together is known as their "correlation". A lower correlation means that there is less risk of assets losing value at the same time.

The overall Fund benefits from "diversification" because it invests in different asset classes, which don't all move in line with each other. Consequently, the aggregate risk at the Fund level is less than the total risk from all the individual assets in which the Fund invests. The following table shows the risks at the asset class level and the overall Fund level, with and without allowance for correlation.

	Value at 31 March 2017 £m	% of fund %	Potential Change +/- %	Value on increase £m	Value on decrease £m
Equities - Developed Markets	3,855	58.7	20.5	4,645.3	3,064.7
Equities - Emerging Markets	290	4.4	30.0	377.0	203.0
Private Equity	205	3.1	30.0	266.5	143.5
Timber and Gold	152	2.3	18.0	179.4	124.6
Secured Loan	103	1.6	8.0	111.2	94.8
Fixed Interest Gilts	159	2.4	6.6	169.5	148.5
Index-Linked Gilts	505	7.7	10.9	560.0	450.0
Infrastructure	687	10.5	18.0	810.7	563.3
Property	453	6.9	13.0	511.9	394.1
Cash and forward foreign exchange	160	2.4	1.1	161.8	158.2
Total [1]	6,569	100.0	18.6	7,793.3	5,344.7
Total [2]			15.9	7,613.5	5,524.5
Total [3]			15.9	7,613.5	n/a

[1] No allowance for correlations between assets

[2] Including allowance for correlations between assets

[3] Including allowance for correlation between assets and liabilities.

The value on increase/decrease columns illustrate the monetary effect of the percentage change in the volatility column. The actual annual change in value is expected to be lower than this in two years out of three, but higher in one year out of three.

Notes to the Accounts

21 Nature and extent of risk arising from financial instruments (cont)

It can be seen that the risk to the overall Fund assets [2] is lower than the total of the risks to the individual assets.

However, because the purpose of a pension scheme is to make payments to scheme beneficiaries, the true risk of a pension scheme is not measured in absolute terms, but relative to its liabilities [3].

This risk analysis incorporates volatility from market, interest rate, foreign exchange, credit, and all other sources of risk, and, importantly, makes allowance for how these risks may offset each other.

Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit risk in their pricing and consequently the risk of loss is implicitly provided for in the value of the Fund's assets and liabilities (as outlined in Market Risk above).

In essence, the Fund's entire investment portfolio is exposed to some sort of credit risk. However, through the selection of counterparties, brokers and financial institutions the Fund reduces the credit risk that may occur through the failure to settle a transaction in a timely manner.

Cash deposits, derivatives and securities lending are the major areas of credit exposure where credit risk is not reflected in market prices.

Cash deposits

At 31 March 2017, cash deposits represented £243.4m, 3.69% of total net assets. This was held with the following institutions:

	Moody's Credit Rating at 31 March 2017	Balances at 31 March 2016 £000	Balances at 31 March 2017 £000
Held for investment purposes			
Northern Trust Global Investment Limited - liquidity funds	Aaa-mf	78,223	83,249
Northern Trust Company - cash deposits	Aa2	66,450	40,697
The City of Edinburgh Council - treasury management	See below	82,736	92,090
Total investment cash		227,409	216,036
Held for other purposes			
The City of Edinburgh Council - treasury management	See below	41,327	27,278
Total cash - parent		268,736	243,314
Cash held by LPFE/LPFI Limited			
Royal Bank of Scotland	A3	4	84
Total cash - group		268,740	243,398

The majority of Sterling cash deposits of the Fund are managed along with those of the administering authority (the City of Edinburgh Council) and other related organisations which are pooled for investment purposes as a treasury cash fund. Management of the cash fund is on a low risk basis, with security of the investments the key consideration.

Notes to the Accounts

21 Nature and extent of risk arising from financial instruments (cont)

	Moody's Credit Rating at 31 March 2017	Balances at 31 March 2016 £000	Balances at 31 March 2017 £000
Money market funds			
Deutsche Bank AG, London	Aaa-mf	117	652
Goldman Sachs	Aaa-mf	16,539	14
Bank call accounts			
Bank of Scotland	A1	8,123	11,911
Royal Bank of Scotland	A3	1,316	169
Santander UK	Aa3	10	30
Barclays Bank	A1	8,395	2
Svenska Handelsbanken	Aa2	8,562	23
HSBC Bank	Aa2	12	4
UK Pseudo-Sovereign risk instruments			
Other Local Authorities [1]	Aa1	24,726	106,563
UK Government Treasury Bills	Aa1	56,263	-
		124,063	119,368

[1] Very few Local Authorities have their own credit rating but they are generally assumed to have a pseudo-sovereign credit rating (which in the UK at 31 March 2017 was 'Aa1').

The Council has in place institutional restrictions on investments and counterparty criteria. These include -

- UK Government and other UK local Authorities with no limit, other public bodies up to £20 million per organisation.
- Money market funds (MMFs) no more than £30 million or 15% with any one Fund.
- Financial Institutions: Banks and Building Societies with multiple criteria based on a range of short and long term credit ratings, as well as any security, provided from maximum of £60 million / 20% of assets under management (AUM) for institutions with the highest criteria to £10 million / 5% of AUM for institutions with the lowest acceptable criteria.

No breaches of the Council's counterparty criteria occurred during the reporting period and the Fund does not expect any losses from non-performance by any of its counterparties in relation to deposits.

Securities lending

The Fund participates in a securities lending programme as described above. The Fund is potentially exposed to credit risk in the event of the borrower of securities defaulting. This risk is mitigated by the contractual commitment that borrowers provide collateral in excess of 100% of the value of the securities borrowed. In addition, Northern Trust has signed an agreement requiring it to make good any losses arising from the lending programme.

Derivatives

The Fund transacts foreign currency derivatives over-the-counter and hence is exposed to credit risk in the event of a counterparty defaulting on the net payment or receipt that remains outstanding. This risk is minimised by the use of counterparties that are recognised financial intermediaries with acceptable credit ratings and by netting agreements. At 31 March 2017, the Fund was owed £0.7m on over-the-counter foreign currency derivatives.

Refinancing risk

Refinancing risk is the risk that the Fund will be bound to replenish a significant proportion of its pension fund financial instruments at a time of unfavourable interest rates. The Fund is not bound by any obligation to replenish its investments and hence is not exposed to refinancing risk.

Notes to the Accounts

21 Nature and extent of risk arising from financial instruments (cont)

Liquidity risk

Liquidity risk reflects the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund therefore ensures that there is adequate cash and liquid resources to meet its commitments. Cash flow projections are prepared on a regular basis to understand and manage the timing of the Fund's cash flows.

The majority (estimated to be approximately 78% (2016 79%)) of the Fund's investments could be converted to cash within three months in a normal trading environment.

22 Actuarial statement

The Scheme Actuary has provided a statement describing the funding arrangements of the Fund. This can be found at the end of this section.

23 Actuarial present value of promised retirement benefits

The actuarial value of promised retirement benefits at the accounting date, calculated in line with International Accounting Standard 19 (IAS19) assumptions, is estimated to be £8,210m (2016 £6,266m). This figure is used for statutory accounting purposes by Lothian Pension Fund and complies with the requirements of IAS26. The assumptions underlying the figure match those adopted for the Administering Authority's FRS17/IAS19 reports at each year end.

The figure is only prepared for the purposes of IAS26 and has no validity in other circumstances. In particular, it is not relevant for calculations undertaken for funding purposes and setting contributions payable to the Fund.

	31 March 2016 % p.a.	31 March 2017 % p.a.
Inflation / pensions increase rate	2.2	2.4
Salary increase rate	4.2	4.4
Discount rate	3.5	2.6

Longevity assumptions

The life expectancy assumption is based on Fund specific statistical analysis with improvements in line with the CMI 2012 model, assuming that the current rate of improvements has reached a peak and will converge to a long term rate of 1.25% p.a.. Based on these assumptions, the average future life expectancies, in years, at age 65 are summarised below:

	31 March 2016		31 March 2017	
	Males	Females	Males	Females
Current pensioners	22.1 years	23.7 years	22.1 years	23.7 years
Future pensioners (assumed to be currently 45)	24.2 years	26.3 years	24.2 years	26.3 years

Commutation assumption

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2009 service and 75% of the maximum tax-free cash for post-April 2009 service.

Notes to the Accounts

24 Non current debtors

	LPF Parent 31 March 2016 £000	LPF Group 31 March 2016 £000	LPF Group 31 March 2017 £000	LPF Group 31 March 2017 £000
Contributions due - employers' cessation	451	451	259	259
	451	451	259	259

Analysis of non current debtor

	LPF Parent 31 March 2016 £000	LPF Group 31 March 2016 £000	LPF Parent 31 March 2017 £000	LPF Group 31 March 2017 £000
Administering Authority	-	-	-	-
Other Scheduled Bodies	-	-	-	-
Community Admission Bodies	451	451	259	259
Transferee Admission Bodies	-	-	-	-
Other Local Authorities	-	-	-	-
Central Government Bodies	-	-	-	-
Other entities and individuals	-	-	-	-
	451	451	259	259

25 Debtors

	LPF Parent 31 March 2016 £000	LPF Group 31 March 2016 £000	LPF Parent 31 March 2017 £000	LPF Group 31 March 2017 £000
Contributions due - employers	10,219	10,219	11,175	11,175
Contributions due - members	2,067	2,067	3,304	3,304
Benefits paid in advance or recoverable	-	-	-	-
Sundry debtors	109	137	160	193
Corporation tax losses utilised by CEC group	-	5	-	1
Prepayments	275	275	283	292
LPFE & LPFI Limited Loan facility - see note 29	-	-	16	-
	12,670	12,703	14,938	14,965

Analysis of debtors

	LPF Parent 31 March 2016 £000	LPF Group 31 March 2016 £000	LPF Parent 31 March 2017 £000	LPF Group 31 March 2017 £000
Administering Authority	6,987	6,992	6,081	6,081
Other Scheduled Bodies	3,526	3,526	6,477	6,477
Community Admission Bodies	1,812	1,812	1,899	1,899
Transferee Admission Bodies	26	26	35	35
Other Local Authorities	-	29	22	56
Central Government Bodies	-	-	-	-
Other entities and individuals	319	318	424	417
	12,670	12,703	14,938	14,965

Notes to the Accounts

26 Creditors

	LPF Parent 31 March 2016 £000	LPF Group 31 March 2016 £000	LPF Parent 31 March 2017 £000	LPF Group 31 March 2017 £000
Benefits payable	8,375	8,375	5,745	5,745
VAT, PAYE and State Scheme premiums	1,399	1,495	2,940	3,052
Contributions in advance	11,845	11,845	8,719	8,719
Miscellaneous creditors and accrued expenses	2,083	2,121	2,760	2,809
Office - operating lease	216	216	266	266
LPFE Loan facility - see note 29	6	-	24	-
Intra group creditor - see note 29	92	-	105	-
	24,016	24,052	20,559	20,591

Analysis of Creditors

	LPF Parent 31 March 2016 £000	LPF Group 31 March 2016 £000	LPF Parent 31 March 2017 £000	LPF Group 31 March 2017 £000
Administering Authority	32	32	51	51
Other Scheduled Bodies	11,900	11,900	11,715	11,715
Community Admission Bodies	39	39	19	19
Transferee Admission Bodies	98	-	-	-
Central Government Bodies	1,359	1,455	2,889	3,001
Other entities and individuals	10,588	10,626	5,885	5,805
	24,016	24,052	20,559	20,591

27 Additional Voluntary Contributions

Active members of the Lothian Pension Fund have the option to pay additional voluntary contributions (AVCs). These AVCs are invested separately from the main funds, securing additional benefits on a money purchase basis for those members that have elected to contribute. The investment of the AVCs is managed by Standard Life and Prudential.

In accordance with regulation 4 (2) (b) of the Local Government Pension Scheme (Management and Investment of Funds) (Scotland) Regulations 2010, AVCs are not included in the pension fund financial statements.

Total contributions during year for Lothian Pension fund	2015/16 £000	2016/17 £000
Standard Life	395	339
Prudential	1,593	1,816
	1,988	2,155

Total value at year end for Lothian Pension Fund	31 March 2016 £000	31 March 2017 £000
Standard Life	5,665	5,041
Prudential	3,863	5,097
	9,528	10,138

Notes to the Accounts

28 Related parties

The City of Edinburgh Council

The Lothian Pension Fund, the Lothian Buses Pension Fund and the Scottish Homes Pension Fund are administered by the City of Edinburgh Council. Consequently there is a strong relationship between the Council and the Pension Funds.

The Investment and Pensions Division of the Council is responsible for administering the three Pension Funds. The Division receives an allocation of the overheads of the Council, based on the amount of central services consumed. In turn, the Division allocates its costs to the three Pension Funds. Costs directly attributable to a specific Fund are charged to the relevant Fund; costs that are common to all three Funds are allocated on a defined basis.

Transactions between the Council and the Fund are managed via a holding account. Each month the Fund is paid a cash sum leaving a working balance in the account to cover the month's pension payroll costs and other expected costs.

	31 March 2016 £000	31 March 2017 £000
Year end balance of holding account	4,287	4,467
	4,287	4,467

Part of the Fund's cash holdings are invested on the money markets by the treasury management operations of the Council, through a service level agreement. During the year to 31 March 2017, the fund had an average investment balance of £105.7m (2015/16 £219.0m). Interest earned was £427.4k (2015/16 £1,032.5k).

Year end balance on treasury management account	31 March 2016 £000	31 March 2017 £000
Held for investment purposes	82,736	92,090
Held for other purposes	41,327	27,278
	124,063	119,368

Scheme employers

All scheme employers to the fund are (by definition) related parties, a full list of employers can be found on page 64. The employer contributions for the ten largest scheme employers are as follows -

	31 March 2016 £000	31 March 2017 £000
City of Edinburgh Council	63,459	63,542
West Lothian Council	22,053	22,214
East Lothian Council	12,897	13,267
Midlothian Council	11,096	11,849
Scottish Water	8,419	9,191
Edinburgh Napier University	4,864	5,001
Scottish Police Authority	3,084	3,519
Heriot-Watt University	3,058	3,077
Edinburgh College	2,984	2,924
Audit Scotland	1,826	2,020

Notes to the Accounts

28 Related parties (cont)

Governance

As at 31 March 2017, all members of the Pensions Committee, with the exception of Councillor Bill Cook and Richard Lamont, and all members of the Pensions Board, with the exception of Graham Turnbull, were active members of the Lothian Pension Fund or Lothian Buses Pension Fund.

Each member of the Pensions Committee and Pension Board is required to declare any financial and non-financial interests they have in the items of business for consideration at each meeting, identifying the relevant agenda item and the nature of their interest.

During the period from 1 April 2015 to the date of issuing of these accounts, a number of employees of the City of Edinburgh Council and its wholly owned subsidiary, LPFE Limited, held key positions in the financial management of the Lothian Pension Fund. With effect from 1 May 2015, all the employees listed below, with the exception of the Executive Director of Resources, were employed by LPFE Limited. These employees and their financial relationship with the Fund (expressed as cash-equivalent transfer values or CETV) are set out below:

Name	Position held	Accrued CETV as at 31 March 2016 £000	Accrued CETV as at 31 March 2017 £000
Hugh Dunn*	Acting Executive Director of Resources, City of Edinburgh Council	755	1,251
Clare Scott*	Chief Executive, Lothian Pension Fund	175	221
Bruce Miller	Chief Investment Officer, Lothian Pension Fund	185	267
Struan Fairbairn	Chief Risk Officer, Lothian Pension Fund	30	46
John Burns	Chief Finance Officer, Lothian Pension Fund	474	538
Esmond Hamilton	Financial Controller	161	200

* Also disclosed in the financial statements of the City of Edinburgh Council.

Total compensation paid in relation to key management personnel employed by LPFE Limited during the period was as follows:

	31 March 2016 £000	31 March 2017 £000
Short-term employee benefits	318	380
Post-employment benefits - employer pension contributions	65	78

Key management personnel had accrued pensions totalling £81,825 (1 April 2016: £68,004) and lump sums totalling £100,185 (1 April 2016: £68,004) at the end of the period.

Staff are either employed by City of Edinburgh Council or LPFE Ltd, and their costs reimbursed by the Pension Fund. The Councillors, who are members of the Pensions Committee, are also remunerated by City of Edinburgh Council.

LPFE Limited & LPFI Limited- loan facility

LPFE & LPFI Limited are wholly owned by the City of Edinburgh Council as administrating authority of Lothian Pension Fund and have entered into a shareholder agreement with the Council to address governance matters. The companies have a loan facility agreement with the City of Edinburgh Council for the purpose of the provision of short term working capital. The current agreement covers the period to 1 May 2020 and provides that interest is payable at 2% above the Royal Bank of Scotland base lending rate on the daily balance. In order to minimise the amount of interest payable, the companies return any cash not immediately required and this can result in short periods when the companies have returned more cash than has been drawn. On such days the loan interest is negative, reducing the amount of interest payable.

Interest payable by LPFE Limited during the period was £720 of which £156 was due at the year end and for LPFI Limited interest payable was £99 of which £30 was due at year end. At 31 March 2017, the balance on the loan facility was £24k due to LPFE Limited and £16k due from LPFI Limited.

Notes to the Accounts

28 Related parties (cont)

LPFE Limited & LPFI Limited- corporation tax losses used by companies under common control

In 2015/16 Lothian Buses Limited (also a member of City of Edinburgh Council's Corporation Tax Group) utilised the £5k tax loss from LPFE limited activity during the year. The tax loss of the company is transferred to another company in the Tax Group in exchange for the cash amount. Due to year end timing differences £1k of the loss is still outstanding to Lothian Buses Limited.

LPFE Limited - staffing services

Staffing services are provided to Lothian Pension Fund for the purposes of administering the Funds under a intra-group resourcing agreement. The agreement also provides for the running costs of the company to be covered as part of a service charge and allows for the provision of staffing services to LPFI Limited. During the year to 31 March 2017, the Fund was invoiced £1,073k (2016 £820k) for the services of LPFE Limited staff, £105k (2016 £92k) of this remained payable at year end.

29a Consolidated Lothian Pension Fund group - LPFE Limited & LPFI Limited - deferred tax

Movement in deferred tax asset (Non-current asset)

	LPF Group 2015/16 £000	LPF Group 2016/17 £000
At 1 April 2016	-	36
Credit for year to Fund Account	36	81
At 31 March 2017	36	117

Elements of closing deferred tax asset

	LPF Group 31 March 2016 £000	LPF Group 31 March 2017 £000
Pension liability	36	117
	36	117

29b Shares in group companies - LPFE Limited & LPFI Limited

	31 March 2016 £	31 March 2017 £
Allotted, called up and fully paid Ordinary shares of £1 each - LPFE Limited*	1	1
Allotted, called up and fully paid Ordinary shares of £1 each - LPFI Limited	-	50,000
	1	50,001

*One ordinary share of £1 was issued to Lothian Pension Fund at par value on incorporation. Due to the low value this does not show on the Net Assets Statement.

30 Retirement benefits obligation - group

The retirement benefit obligation described in this note relates only to the is employees of LPFE Limited. This is because obligation in respect of the staff employed by the City of Edinburgh Council is accounted for in the City of Edinburgh Council's Financial Statements.

On 1 May 2015 LPFE Limited commenced trading and its staff transferred their employment from the City of Edinburgh Council to the Company on that date. At that time, the Company also entered into appropriate admission arrangements with the City of Edinburgh Council with respect to the transferring individuals continuing to be members of the Lothian Pension Fund and in relation to its obligations as an employer in that Fund.

The present value of the defined benefit obligation, and related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Notes to the Accounts

30 Retirement benefits obligation - group (cont)

Fund assets

The LPFE Limited's share of the fair value of the Fund's assets which are not intended to be realised in the short term and may be subject to significant change before they are realised, were comprised as follows:

Asset		Fair value at 31 March 2016 £000	% of total 31 March 2016 %	Fair value at 31 March 2017 £000	% of total 31 March 2017 %
Equity securities:	Consumer	319	15.0	425	15.0
	Manufacturing	247	12.0	429	15.2
	Energy and utilities	167	8.0	210	7.4
	Financial institutions	178	8.0	197	7.0
	Health and care	139	7.0	166	5.9
	Information technology	126	6.0	140	4.9
	Other	120	6.0	195	6.9
Debt securities:	Corporate Bonds	-	0.0	-	0.0
	UK Government	135	6.0	284	10.0
	Other	53	3.0	6	0.2
Private equity:	All	92	4.0	91	3.2
Real property	UK property	179	9.0	191	6.7
Investment funds and unit trusts:	Equities	-	0.0	-	0.0
	Commodities	6	0.0	8	0.3
	Bonds	17	1.0	42	1.5
	Infrastructure	139	7.0	253	8.9
	Other	50	2.0	60	2.1
Cash and cash equivalents:	All	130	6.0	131	4.8
		2,097	100.0	2,828	100.0

Amounts recognised in the Net Assets Statement

	LPF Group 31 March 2016 £000	LPF Group 31 March 2017 £000
Fair value of Fund assets	2,097	2,828
Present value of Fund liabilities	(2,277)	(3,513)
	(180)	(685)

Notes to the Accounts

30 Retirement benefits obligation - group (cont)

Movement in the defined benefit obligation during the period

	LPF Group 2015/16 £000	LPF Group 2016/17 £000
Brought forward	2,107	2,277
Current service cost	174	172
Interest cost on obligation	69	86
Fund participants contributions	54	76
Benefits paid	-	-
Actuarial losses arising from changes in financial assumptions	(378)	902
Actuarial losses arising from changes in demographic assumptions	-	-
Other actuarial losses	251	-
Balance at year end	2,277	3,513

Movement in the fair value of Fund assets during the period

	LPF Group 2015/16 £000	LPF Group 2016/17 £000
Brought forward	1,826	2,097
Benefits paid	-	-
Interest income on Fund assets	60	80
Contributions by employer	121	156
Contributions by member	54	76
Contributions in respect of unfunded benefits	-	-
Unfunded benefits paid	-	-
Return on assets excluding amounts included in net interest	36	419
Balance at year end	2,097	2,828

Amounts recognised in the Fund Account

	LPF Group 2015/16 £000	LPF Group 2016/17 £000
Interest received on Fund assets	(60)	(80)
Interest cost on Fund liabilities	69	86
Current service costs	174	172
Transfer of opening retirement benefit obligation on 1 May 2015	281	-
Actuarial gains due to re-measurement of the defined benefit obligation	(127)	902
Return on Fund assets (excluding interest above)	(36)	(419)
Net cost recognised in Fund account	301	661
Less - cash flows	(121)	(156)
Increase in retirement benefit obligations	180	505

Principal actuarial assumptions used in this valuation

	31 March 2016 % p.a.	31 March 2017 % p.a.
Inflation / pensions increase rate	2.2	2.4
Salary increase rate	4.2	4.4
Discount rate	3.6	2.7

Notes to the Accounts

30 Retirement benefits obligation - group (cont)

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice. Best estimate has been interpreted to mean that the proposed assumptions are 'neutral' – there is an equal chance of actual experience being better or worse than the assumptions proposed.

The financial assumptions used for reporting in the financial statements are the responsibility of the employer. These assumptions are largely prescribed at any point and reflect market conditions at the reporting date. Changes in market conditions that result in changes in the net discount rate can have a significant effect on the value of the liabilities reported.

A reduction in the net discount rate will increase the assessed value of liabilities as a higher value is placed on benefits paid in the future. A rise in the net discount rate will have an opposite effect of a similar magnitude. There is also uncertainty around life expectancy of the UK population – the value of current and future pension benefits will depend on how long they are assumed to be in payment.

Life expectancy is based on Fund specific statistical analysis with improvements in line with the CMI 2012 model assuming current rates of improvements have peaked and will converge to a long term rate of 1.25% p.a.

Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	31 March 2016		31 March 2017	
	Males	Females	Males	Females
Current pensioners	22.1 years	23.7 years	22.1 years	23.7 years
Future pensioners	24.2 years	26.3 years	24.2 years	26.3 years

Expected employer contributions to the defined benefit plan for the year ended 31 March 2018 are £157,000, based on a pensionable payroll cost of £764,000.

31 Contractual commitments

Investment commitments

The Fund has commitments relating to outstanding call payments due on unquoted funds held in the private equity, timber, property and infrastructure parts of the portfolio. The amounts 'called' by these funds are irregular in both size and timing, taking place over a number of years from the date of each original commitment. The outstanding commitments at the year end are as follows:

	31 March 2016	31 March 2017
	£000	£000
Outstanding investment commitments	160,891	235,565
	160,891	235,565

Office accommodation - 144 Morrison Street, Edinburgh

The Investment and Pensions Division is committed to making the following future payments.

	31 March 2016	31 March 2017
	£000	£000
Within one year	42	115
Between one and five years	345	345
After five years	992	877
	1,379	1,337
Recognised as an expense during the year	92	92

The above expense has been allocated across the three Funds, Lothian Pension Fund's share is £84.9k.

Notes to the Accounts

32 Contingent assets and liabilities

Infrastructure co-investment

At 31 March 2017 the Fund had entered into negotiations for an infrastructure co-investments in which it is exposed to the potential risk of investment abort costs. At 31 March 2017, Lothian Pension Fund's exposure is approximately £21.4k.

Contribution refunds

At 31st March 2017, Lothian Pension Fund had £473k in unclaimed refunds due to members.

Employer Cessations

The Fund has, in consultation with external advisors, drawn up a funding agreement to address repayment of the cessation debt. In order to avoid employer default or insolvency, the agreement will allow for repayment over longer terms, and if necessary for repayment of less than the cessation debt. In the latter scenario, an appropriate clause will be included which will allow the Fund to revisit the repayment of the remaining debt at a future date. At 31st March 2017, Lothian Pension Fund had £325k unsecured assets due from ceased employers.

EU Tax claims & income recovery

The Fund, in consultation with external advisers participates in various claims to recover withheld income on its investments. For some of these claims there is a high level of uncertainty on the success of these claims so they are not accrued for in the financial statements. The value of these outstanding claims is approximately £9.8m.

33 Impairment losses

During the year the Fund recognised a decrease in impairment losses in respect of specific benefit over payments for which reimbursement has been requested of £23.6k. This decreased the impairment to £22.8k at the year end.

Lothian Pension Fund

Actuarial Statement for 2016/17

This statement has been prepared in accordance with Regulation 55(1)(d) of the Local Government Pension Scheme (Scotland) Regulations 2014. It has been prepared at the request of the Administering Authority of the Fund for the purpose of complying with the aforementioned regulation.

Description of Funding Policy

The funding policy is set out in the Administering Authority's Funding Strategy Statement (FSS), dated 16 November 2015. In summary, the key funding principles are as follows:

- To ensure solvency of the Fund;
- to ensure the solvency of each individual employers' share of the Fund based on their expected term of participation in the Fund;
- to minimise the degree of short-term change in employer contribution rates;
- maximise the returns from investments within reasonable and considered risk parameters, and hence minimise the cost to the employer;
- to ensure that sufficient cash is available to meet all liabilities as they fall due for payment;
- to help employers manage their pension liabilities; and
- where practical and cost effective, to make allowance for the different characteristics of different employers and groups of employers.

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable.

Funding Position as at the last formal funding valuation

The most recent actuarial valuation carried out under Regulation 32 of the Local Government Pension Scheme (Scotland) (Administration) Regulations 2008 was as at 31 March 2014. This valuation revealed that the Fund's assets, which at 31 March 2014 were valued at £4,379 million, were sufficient to meet 91% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting deficit at the 2014 valuation was £417 million.

Individual employers' contributions for the period 1 April 2015 to 31 March 2018 were set in accordance with the Fund's funding policy as set out in its FSS.

Principal Actuarial Assumptions and Method used to value the liabilities

Full details of the methods and assumptions used are described in the valuation report dated 31 March 2015.

Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date, and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

Lothian Pension Fund

Actuarial Statement for 2016/17

The key financial assumptions adopted for the 2014 valuation were as follows:

Financial assumptions	31 March 2014	
	% p.a. Nominal	% p.a. Real
Discount rate	5.0%	2.3%
Pay increases*	5.0%	2.3%
Price inflation/Pension increases	2.7%	-

*2% p.a. for 2014/15 and 2015/16, reverting to 5.0% thereafter.

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI_2012 model, assuming the current rate of improvements has reached a peak and will converge to long term rate of 1.25% p.a.. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	22.1 years	23.7 years
Future Pensioners *	24.2 years	26.3 years

*Future pensioners are assumed to be at the 2014 valuation aged 45.

Copies of the 2014 valuation report and Funding Strategy Statement are available on request from The City of Edinburgh Council, the Administering Authority to the Fund.

Experience over the period since April 2014

The Fund's experience has been worse than expected since the last formal valuation (excluding the effect of any membership movements and any potential changes to assumptions at the 2017 valuation). Real bond yields have fallen sharply which places a higher value on liabilities. The effect of this will have been partially offset by strong asset returns. Funding levels are therefore likely to have worsened and deficits increased over the period.

The next actuarial valuation will be carried out as at 31 March 2017. The Funding Strategy Statement will also be reviewed at that time.

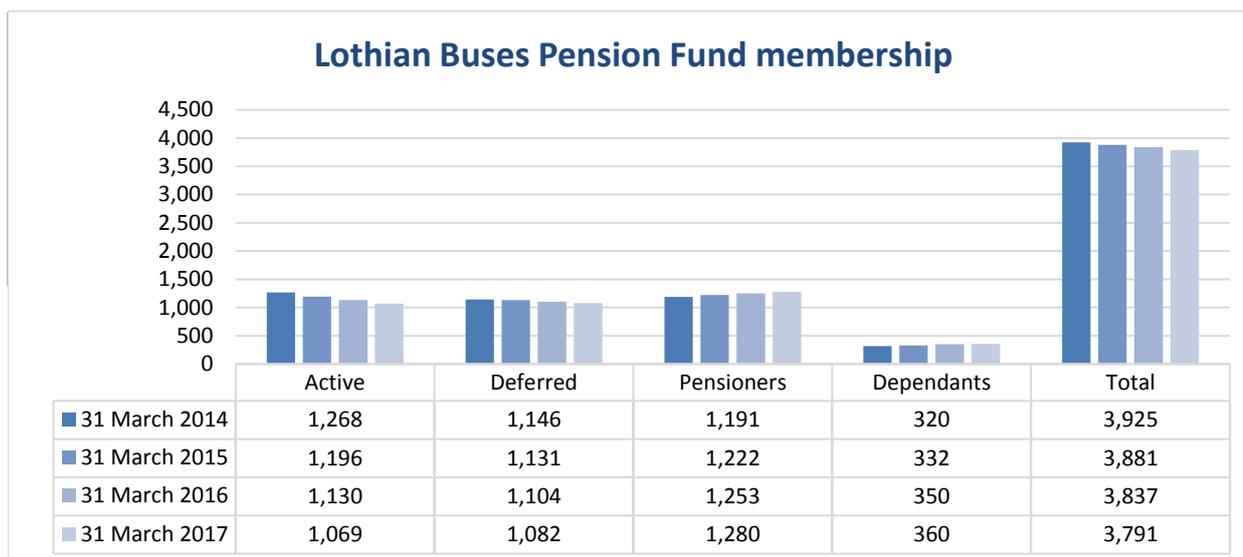
Richard Warden FFA
Fellow of the Institute and Faculty of Actuaries
For and on behalf of Hymans Robertson LLP
20 Waterloo Street
Glasgow
G2 6DB

28 April 2017

List of active employers at 31 March 2017

Scheduled Bodies	
City of Edinburgh Council (The)	Scottish Police Authority
East Lothian Council	Scottish Water
Edinburgh College	SESTRAN
Heriot-Watt University	Visit Scotland
Midlothian Council	West Lothian College
Scotland's Rural College (SRUC)	West Lothian Council
Scottish Fire and Rescue Service	
Admitted Bodies	
Amey Services	HWU Students Association
Audit Scotland	Improvement Service (The)
Barony Housing Association Ltd	Into Work
Baxter Storey	ISS UK Ltd
Bellrock Property and Facilities Management	Keymoves
Canongate Youth Project	LPFE Ltd
Capital City Partnership	Melville Housing Association
Centre for Moving Image (The)	Mitie PFI
CGI UK Ltd	Morrison Facilities Services Ltd
Children's Hearing Scotland	Museums Galleries Scotland
Children's Hospice Association Scotland	Newbattle Abbey College
Citadel Youth Centre	North Edinburgh Dementia Care
Compass Chartwell	NSL Ltd
Convention of Scottish Local Authorities	Open Door Accommodation Project
Dacoll Limited	Penumbra
Dean Orphanage and Cauvin's Trust	Pilton Equalities Project
Donaldson's Trust	Pilton Youth and Children's Project
EDI Group Ltd	Queen Margaret University
Edinburgh Business School	Queensferry Churches Care in the Community Project
Edinburgh Cyrenians Trust	Royal Edinburgh Military Tattoo
Edinburgh Development Group	Royal Society of Edinburgh
Edinburgh International Festival Society	Scotland's Learning Partnership
Edinburgh Leisure	Scottish Adoption Agency
Edinburgh Napier University	Scottish Futures Trust
Edinburgh World Heritage Trust	Scottish Legal Complaints Commission
ELCAP	Scottish Schools Education Research Centre (SSERC)
Enjoy East Lothian	Skanska UK
Family & Community Development West Lothian	St Andrew's Children's Society Limited
Family Advice and Information Resource	St Columba's Hospice
Festival City Theatres Trust	Stepping Out Project
First Step	Streetwork UK Ltd
Forth and Oban Ltd	University of Edinburgh (Edin College of Art)
Four Square (Scotland)	Victim Support Scotland
Freespace Housing Association	Waverley Care
Granton Information Centre	Weslo Housing Management
Handicabs (Lothian) Ltd	West Granton Community Trust
Hanover (Scotland) Housing Association	West Lothian Leisure
Health in Mind	Wester Hailes Land and Property Trust
Homeless Action Scotland	Young Scot Enterprise
Homes for Life Housing Partnership	Youthlink Scotland

Lothian Buses Pension Fund



Investment Strategy

An in-depth review of Lothian Buses Pension Fund's investment strategy was undertaken by the Investment Strategy Panel over the 2015/16 financial year, supported by asset liability modelling from the Fund's investment adviser. In March 2016, the Pensions Committee approved a revised investment strategy to be implemented over the five years from 2016 to 2021.

The revised strategy reduces the Fund's allocation to equities (including private equity) from 55% to 40% by the end of 2021 and increases the allocation to index-linked gilts from 15% to 20% and fixed income assets from 10% to 22% within the same timeframe.

The review highlighted the potential future funding level volatility on the employing company's balance sheet and contributions. It afforded the opportunity to clarify the funding approach for this increasingly mature pension fund (it is closed to new entrants) in the event of the funding level worsening and also at the point when the last active member leaves the Fund. After discussions with the majority shareholder and company, Lothian Buses has agreed to continue paying deficit contributions (if required) after the last active member has left the Fund. With this clarity, the Fund is able to continue to adopt a long-term investment approach.

A significant allocation to equities is retained because they have historically exhibited higher returns than bonds when held over the long term. Implementation of the strategy will include further de-risking within equities and an increasing exposure to index-linked assets and fixed income assets to provide greater downside protection in the event of further reductions in interest rates (a key driver of liability values).

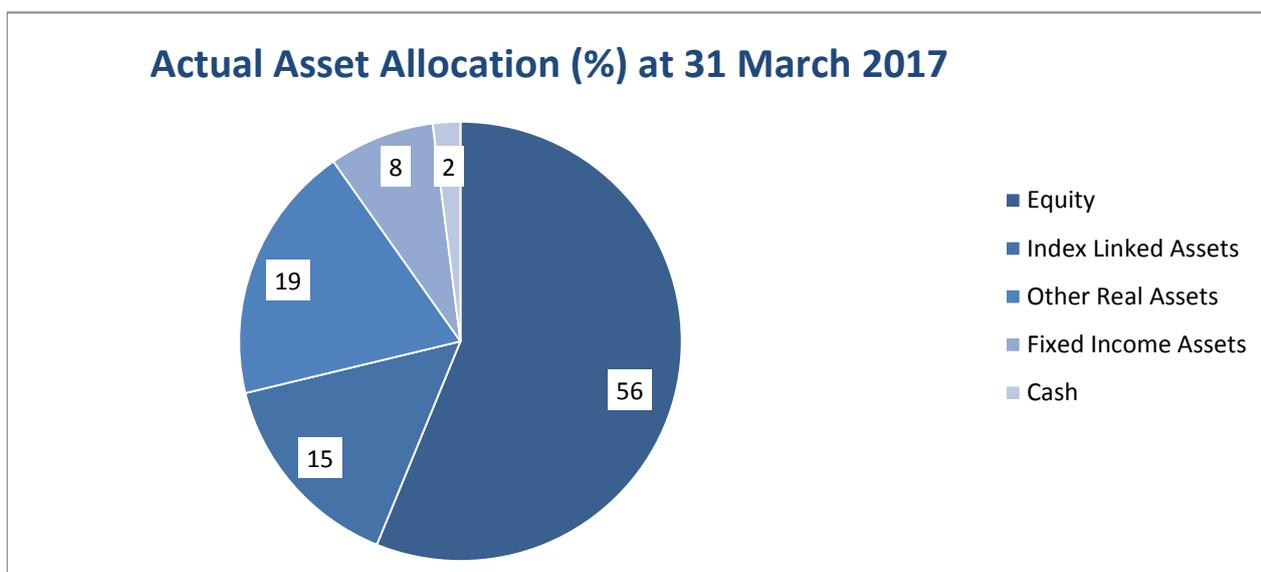
Over the course of 2016/17, the implementation of the investment strategy 2016-21 was initiated. The interim strategy allocation was adjusted over the year with equities reducing from 58.5% to 57%, index-linked gilts increasing from 14% to 15% and other real assets rising from 17.5% to 18%. Further progress will involve the interim strategy allocation and the actual asset allocation changing gradually over time.

In terms of the Fund's actual allocation over the year, equities reduced from 59% to 56%, index-linked assets increased from 12% to 15%, and other real assets and fixed income assets were stable at 19% and 8% respectively. These changes reflected both investment activity and the relative price movements of the various assets.

The investment strategy for 2016-21 is set out in the table below along with the current interim strategy.

	Strategic Allocation 31/03/2017 %	Long term Strategy 2016 - 2021 %
Equities	57.0	40.0
Index Linked Assets	15.0	20.0
Other Real Assets	18.0	18.0
Fixed Income Assets	10.0	22.0
Cash	-	-
Total	100.0	100.0

The investment strategy is now set at the broad asset class level of equities, index-linked assets, other real assets and fixed income assets, the latter two of which had previously been categorised within Alternatives. These broad groupings are the key determinants of investment risk and return. Equities includes listed and unlisted equities; index-linked assets includes index-linked gilts/bonds and gold; other real assets includes property, infrastructure and timber; and fixed income assets includes listed and unlisted debt investments.



Investment performance

The objectives of the Fund are:

- over long-term economic cycles (typically 5 years or more) the achievement of the same return as that generated by the strategic allocation
- over shorter periods, the Fund should perform better than the strategic allocation if markets fall significantly.

The Fund return fell slightly short of the benchmark over the last year, although the absolute return of 23.7% was well above historical averages. Over longer timeframes the Fund has returned more than its benchmark, as shown in the table below. The benchmark returns shown in the table represent the strategic allocations and comprise equity and index-linked gilt indices as well as an inflation-linked index for the other real and fixed income assets.

Annualised returns to 31 March 2016 (% per year)	1 year	5 year	10 years
Lothian Buses Pension Fund	23.7	13.2	9.6
Benchmark	24.2	11.5	8.0
Actuarial Valuation Assumptions *	5.0	5.5	5.8
Retail Price Index (RPI)	3.1	2.3	2.8
Consumer Price Index (CPI)	2.3	1.4	2.3
National Average Earnings	2.4	1.9	2.0

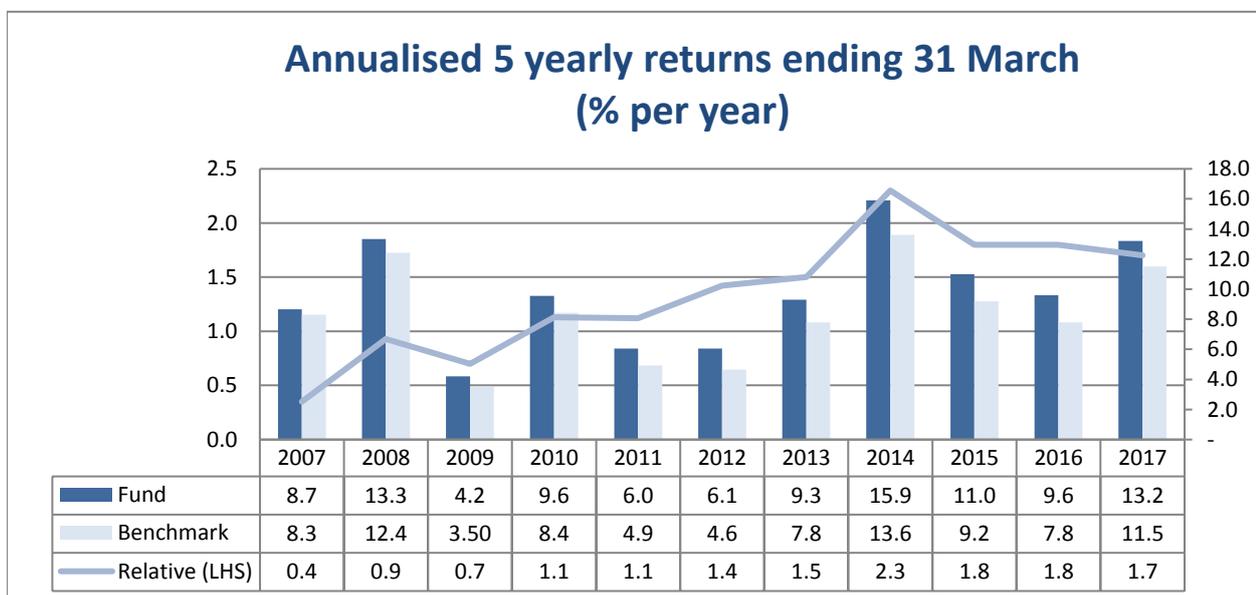
*estimate

The strong absolute return in 2016/17 was largely attributable to the global equity portfolios, one internally managed and one externally managed (by Baillie Gifford), which together rose in value by over 30%. The Fund's index-linked investments were also a significant contributor, driven by the internally-managed assets which rose 26% over the year. The real assets portfolio provided returns of over 6%, with timber and infrastructure assets returning close to 17% and 19% respectively, but offset by a disappointing return from property, which fell over 5% over the period. Fixed income assets returned 10% over the year, led by the corporate bond portfolio managed by Baillie Gifford (+10.2%), though private debt assets partially offset this with a return of 7.6%.

The shortfall in performance (-0.5%) relative to the benchmark over 2016/17 can be largely explained by the Fund's 2% allocation to cash throughout the year. This is a reflection of the fact that risk asset returns (especially equities and index-linked gilts) were so strong. The positive contribution to relative return from fixed income assets (+0.7%), led by the corporate bond portfolio (+0.7%) managed by Baillie Gifford, was offset by small shortfalls from equities (-0.2%), index-linked gilts (-0.1%) and from real assets (-0.4%), driven by weakness in property (-1.2%).

Returns relative to the benchmark over a one year period need to be placed in the context that there are no ideal benchmarks for many of the assets held in the Fund, especially the Alternatives. The Fund's benchmark for real and fixed income assets is inflation plus 3.5% per annum, which makes sense over the long term as the Fund's liabilities are linked to inflation. However, over shorter periods, there is less information content in the relative returns of the Fund because the development of asset prices is much more volatile than that of UK retail or consumer prices. The Investment Strategy Panel assesses the underlying risks of the portfolios that make up the asset allocation to ensure that these are consistent with the long term objectives of the Fund.

The chart below shows the rolling 5 year performance of the Fund against its strategic benchmark over the last 10 years. The Fund has consistently outperformed its benchmark over rolling 5 year periods. Relative returns on a rolling 5 year basis have generally been on an improving trend over the last 10 years, rising from 0.4% pa in 2007 to 1.7% pa in 2016.



Lothian Buses Pension Fund

Fund Account for year ended 31 March 2017

This statement shows a summary of the income and expenditure that the Pension Fund has generated and consumed in delivering the Local Government Pension Scheme. Included is the income generated from employers' and employees' contributions and investment income, as well as the cost of providing benefits and administration of the Fund.

2015/16 £000	Note	2016/17 £000
Income		
7,538	3	7,731
2,129		2,060
-		10
9,667		9,801
Less: expenditure		
8,087		8,425
2,101		3,277
530		295
2		9
129	4	418
102	5a	98
10,951		12,522
(1,284)	Net withdrawals from dealing with members	(2,721)
Returns on investments		
8,076	6	7,641
3,532	8, 14b	90,672
(1,677)	5b	(1,880)
9,931	Net returns on investments	96,433
8,647	Net increase in the Fund during the year	93,712
385,784	Net assets of the Fund at 1 April 2016	394,431
394,431	Net assets of the Fund at 31 March 2017	488,143

Lothian Buses Pension Fund

Net Assets Statement as at 31 March 2017

This statement provides a breakdown of type and value of all net assets at the year end.

31 March 2016 £000		Note	31 March 2017 £000
Investment Assets			
19,661	Bonds	7	73,313
236,417	Equities	7	273,603
121,923	Pooled investment vehicles	7	122,566
-	Derivatives - forward foreign exchange	9	-
11,811	Cash Deposits		14,074
1,291	Other investment assets		1,398
391,103			484,954
Investment Liabilities			
(32)	Derivatives - forward foreign exchange	9	-
(283)	Other investment assets		(18)
(315)			(18)
390,788	Net investment assets	8, 10	484,936
Current assets			
400	The City of Edinburgh Council	21	385
2,867	Cash balances	15, 21	2,440
828	Debtors	18	744
4,095			3,569
Current liabilities			
(452)	Creditors	19	(362)
(452)			(362)
3,643	Net current assets		3,207
394,431	Net assets of the Fund at 31 March 2017		488,143

JOHN BURNS FCMA CGMA

Chief Finance Officer, Lothian Pension Fund

28 June 2017

Notes to the net asset statement

The financial statements summarise the transactions of the Fund during the year and its net assets at the year end. They do not take account of the obligations to pay pensions and benefits which fall due after the end of the year. The actuarial position of the Fund, which does take account of such obligations, is discussed in the Actuarial Valuation section of this report and these financial statements should be read in conjunction with that information. In addition, as required by IAS26, the Actuarial Present Value of Promised Retirement Benefits is disclosed in the notes to these financial statements.

Notes to the Financial Statements

1 Statement of Accounting Policies

The statement of accounting policies for all three Funds can be found on page 112.

2 Events after the Reporting Date

There have been no events since 31 March 2017, and up to the date when these accounts were authorised, that require any adjustments to these accounts.

3 Contributions from employer

By category	2015/16 £000	2016/17 £000
Normal (ongoing contributions)	7,425	7,516
Deficit contribution	-	-
Strain costs and augmentation contributions	113	215
	7,538	7,731

The Lothian Buses Pension Fund is a single employer pension fund for employees of Lothian Buses Limited. The Lothian Buses Fund was set up in 1986 under the Local Government Superannuation (Funds) (Scotland) Regulations 1986 (SSI 115/1986).

The employer contribution rate was 22.9% for the period from 1 April 2016 to 31 December 2016 then 24.1% for the remainder of the financial year.

Where the employer makes certain decisions which result in additional benefits being paid out to a member, or benefits being paid early, this results in a "strain" on the Fund. The resulting pension strain costs are calculated and recharged in full to the employer.

4 Transfers out to other pension schemes

	2015/16 £000	2016/17 £000
Group transfers	-	-
Individual transfers	129	418
	129	418

Notes to the Financial Statements

5a Administrative expenses

	2015/16 £000	2016/17 £000
Employee Costs	52	55
The City of Edinburgh Council - other support costs	7	6
System costs	13	13
Actuarial fees	13	9
External audit fees	2	2
Legal fees	-	-
Printing and postage	4	4
Depreciation	3	3
Office costs	6	5
Sundry costs less sundry income	2	1
	102	98

The Investment and Pensions Division of the Council is responsible for administering the three pension Funds. The Division receives an allocation of the overheads of the Council. In turn the Division allocates administration and investment costs to the three pension funds. Costs directly attributable to a specific fund are charged to the relevant Fund, costs that are common to all three funds are allocated on a defined basis.

5b Investment management expenses

	2015/16 £000	2016/17 £000
<u>External management fees -</u>		
invoiced	704	616
deducted from capital (direct investment)	329	694
deducted from capital (indirect investment)	368	325
Securities lending fees	43	20
Transaction costs	59	33
Employee costs	70	82
Custody fees	34	33
Engagement and voting fees	6	6
Performance measurement fees	17	19
Consultancy fees	12	5
System costs	13	18
Legal fees	3	9
The City of Edinburgh Council - other support costs	9	8
Depreciation	1	2
Office costs	5	6
Sundry costs less sundry income	4	4
	1,677	1,880

Any costs incurred through the bid-offer spread on some pooled investment vehicles are reflected in the cost of investment acquisitions or in the proceeds of investment sales (see note 8 - Reconciliation of movements in investments and derivatives).

Notes to the Financial Statements

5b Investment management expenses (cont)

It should be noted that Lothian Buses Pension Fund's disclosure on investment management fees goes further than CIPFA's LGPS Management Cost revised guidance on cost transparency which came into effect on 1st April 2016. Consistent with recent years, the Fund recognises fees deducted from investments not within its direct control (such as fund of fund fees) to give a full picture of its investment management costs. Further details can be found on page 19. This further disclosure highlights an extra £325k in costs (2015/16 £368k)

The external investment management fees above include £0.3m in respect of performance-related fees (2015/16 £0.1m).

5c Total management expenses

	2015/16 £000	2016/17 £000
Administrative costs	80	78
Investment management expenses*	1,621	1,814
Oversight and governance costs	78	86
	1,779	1,978

* as per note 5b, includes £325k (2015/16 £368k) in costs above CIPFA guidance

In accordance with CIPFA, the above analysis looks at the combined administration and investment management expenses in notes 5a and b and splits out the costs to include a third category covering oversight and governance expenditure.

6 Investment income

	2015/16 £000	2016/17 £000
Income from bonds	92	186
Dividends from equities	6,025	7,026
Income from pooled investment vehicles	1,751	452
Interest on cash deposits	53	18
Stock lending and sundries	214	103
	8,135	7,785
Irrecoverable withholding tax	(59)	(144)
	8,076	7,641

Notes to the Financial Statements

7 Analysis of investments

	Region	31 March 2016 £000	31 March 2017 £000
Investment Assets			
Bonds			
Public sector fixed interest securities	Overseas	1,122	-
Public sector index linked gilts quoted	UK	18,539	73,313
		19,661	73,313
Equities			
Quoted	UK	32,849	33,935
Quoted	Overseas	203,568	239,668
		236,417	273,603
Pooled investment vehicles			
Managed funds - property	UK	37,492	38,146
Managed funds - index linked gilts	UK	28,326	-
Managed funds - other bonds	UK	27,221	30,100
Timber funds - unquoted	Overseas	8,023	8,361
Infrastructure - unquoted	UK	4,424	26,636
Infrastructure - unquoted	Overseas	13,583	12,607
Private debt funds - unquoted	UK	1,051	2,266
Private debt funds - unquoted	Overseas	1,803	4,450
		121,923	122,566

8 Reconciliation of movement in investments and derivatives

	Market value at 31 March 2016 £000	Purchases at cost & derivative payments £000	Sales & derivative receipts £000	Change in market value £000	Market value at 31 March 2017 £000
Bonds	19,661	87,284	(49,714)	16,082	73,313
Equities	236,417	15,473	(41,164)	62,877	273,603
Pooled investment vehicles	121,923	18,969	(29,504)	11,178	122,566
Derivatives - fwd foreign exchange	(32)	604	(265)	(307)	-
Derivatives - futures	-	3	(692)	689	-
	377,969	122,333	(121,339)	90,519	469,482
Other financial assets / (liabilities)					
Cash deposits	11,811			69	14,074
Broker balances	(73)			84	(18)
Dividend due etc	1,081			-	1,398
	12,819			153	15,454
Net financial assets	390,788			90,672	484,936

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

Notes to the Financial Statements

8 Reconciliation of movement in investments and derivatives (cont)

Any costs incurred through the bid-offer spread on some pooled investment vehicles are reflected in the cost of investment acquisitions and in the proceeds from sales and are therefore included in the tables above.

	Market value at 31 March 2015 £000	Purchases at cost & derivative payments £000	Sales & derivative receipts £000	Change in market value £000	Market value at 31 March 2016 £000
Bonds	13,209	10,193	(4,284)	543	19,661
Equities	242,863	27,541	(31,081)	(2,906)	236,417
Pooled investment vehicles	105,943	12,172	(1,947)	5,755	121,923
Derivatives - fwd foreign exchange	-	31	(7)	(56)	(32)
	362,015	49,937	(37,319)	3,336	377,969
Other financial assets / (liabilities)					
Cash deposits	19,174			112	11,811
Broker balances	(17)			84	(73)
Dividend due etc	991			-	1,081
	20,148			196	12,819
Net financial assets	382,163			3,532	390,788

9 Derivatives - forward foreign exchange

Summary of contracts held at 31 March 2017

Contract settlement within	Currency bought	Currency sold	Local currency bought 000	Local currency sold 000	Asset value £000	Liability value £000
Up to one month	-	-	-	-	-	-
Open forward currency contracts at 31 March 2017					-	-
Net forward currency contracts at 31 March 2017						-
Prior year comparative						
Open forward currency contracts at 31 March 2016					-	(32)
Net forward currency contracts at 31 March 2016						(32)

At the year ended 31 March 2017 the Lothian Buses Pension Fund did not hold any Forward foreign exchange contracts.

Notes to the Financial Statements

10 Investment managers and mandates

		Market value at 31 March 2016 £000	% of total 31 March 2016 %	Market value at 31 March 2017 £000	% of total 31 March 2017 %
Manager	Mandate				
Baillie Gifford	Global equities	112,761	28.9	124,570	25.7
In-house	Global high dividend	116,638	29.8	142,297	29.3
In-house	Private equity quoted	4,659	1.2	6,287	1.3
Total global equities		234,058	59.9	273,154	56.3
Baillie Gifford	Index linked gilts	28,326	7.2	-	0.0
In-house	Index linked gilts	19,771	5.1	73,793	15.2
Total inflation linked bonds		48,097	12.3	73,793	15.2
Baillie Gifford	Corporate bonds	27,221	7.0	30,100	6.2
In-house	Secured loans quoted	4	0.0	-	0.0
In-house	Secured loans unquoted	2,855	0.7	6,716	1.4
Total fixed income assets		30,080	7.7	36,816	7.6
Standard Life	Property	37,491	9.6	38,146	7.9
In-house	Infrastructure unquoted	18,007	4.6	39,243	8.1
In-house	Infrastructure quoted	6,660	1.7	3,661	0.8
In-house	Timber	8,022	2.1	8,361	1.7
Total other real assets		70,180	18.0	89,411	18.5
In-house	Cash	8,373	2.1	11,762	2.4
Total cash and sundries		8,373	2.1	11,762	2.4
Net financial assets		390,788	100.0	484,936	100.0

11 Investments representing more than 5% of the net assets of the Fund

	Market value at 31 March 2016 £000	% of net assets 31 March 2016	Market value at 31 March 2017 £000	% of net assets 31 March 2017
Standard Life Property Fund	37,491	9.5	38,146	7.9
Baillie Gifford Inv Grade Bond Fund	27,221	6.9	30,100	6.2
Baillie Gifford Index Linked Gilt Fund	28,326	7.2	-	0.0

Notes to the Financial Statements

12 Investments representing more than 5% of any investment class

	Market value at 31 March 2016 £000	% of asset class 31 March 2016	Market value at 31 March 2017 £000	% of asset class 31 March 2017
Bonds				
UK Gov 1.125% Index Linked 22/11/37	1,213	6.2	10,490	14.3
UK Gov 0.125% Index Linked 22/03/44	3,142	16.0	10,003	13.6
UK Gov 1.25% Index Linked 2055	2,341	11.9	8,634	11.8
UK Gov 0.125% Index Linked 22/03/68	1,981	10.1	7,624	10.4
UK Gov 0.625% Index Linked 22/03/40	1,228	6.2	7,225	9.9
UK Gov 0.125% Index Linked 22/03/58	1,847	9.4	6,300	8.6
UK Gov 0.25% Index Linked 22/03/52	1,133	5.8	4,203	5.7
UK Gov 0.375% Index Linked 22/03/62	919	4.7	3,650	5.0
UK Gov 2% Index Linked 26/01/35	1,360	6.9	3,405	4.6
Pooled funds				
Standard Life Property Fund	37,491	30.8	38,146	31.0
Baillie Gifford Inv Grade Bond Fund	27,221	22.3	30,100	24.4
Baillie Gifford Index Linked Gilt Fund	28,326	23.2	-	0.0

13 Securities lending

During the year Lothian Buses Pension Fund participated in a securities lending arrangement with the Northern Trust Company. As at 31 March 2017, £17.4m (2016 £10.4m) of securities were released to third parties. Collateral valued at 105.24% (2016 110.26%) of the market value of the securities on loan was held at that date.

14 Financial Instruments

14a Classification of financial instruments

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the fair value amounts of financial assets and liabilities by category and net assets statement heading. No financial assets were reclassified during the accounting period.

All financial instruments are marked to market (at fair value) in the Fund's accounting records, hence there is no difference between the carrying value and fair value.

Notes to the Financial Statements

14a Classification of financial instruments

	31 March 2016			31 March 2017		
	Designated as fair value through fund account £000	Loans and receivables £000	Financial liabilities at amortised cost £000	Designated as fair value through fund account £000	Loans and receivables £000	Financial liabilities at amortised cost £000
Financial assets						
Investment assets						
Bonds	19,661	-	-	73,313	-	-
Equities	236,417	-	-	273,603	-	-
Pooled investments	121,923	-	-	122,566	-	-
Cash	-	11,811	-	-	14,074	-
Other balances	-	1,291	-	-	1,398	-
	378,001	13,102	-	469,482	15,472	-
Other assets						
City of Edinburgh Council	-	400	-	-	385	-
Cash	-	2,867	-	-	2,440	-
Debtors	-	828	-	-	744	-
	-	4,095	-	-	3,569	-
Assets total	378,001	17,197	-	469,482	19,041	-
Financial liabilities						
Investment liabilities						
Derivative contracts	(32)	-	-	-	-	-
Other investment balances	-	-	(283)	-	-	(18)
	(32)	-	(283)	-	-	(18)
Other liabilities						
Creditors	-	-	(452)	-	-	(362)
Liabilities total	(32)	-	(735)	-	-	(380)
Total net assets	377,969	17,197	(735)	469,482	19,041	(380)

Total net financial assets	394,431	488,143
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14b Net gains and losses on financial instruments

	2015/16 £000	2016/17 £000
Designated as fair value through fund account	3,336	90,519
Loans and receivables	196	153
Financial liabilities at amortised cost	-	-
Total	3,532	90,672

Notes to the Financial Statements

14c Valuation of financial instruments carried at fair value

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1

Financial instruments at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities and unit trusts.

Quoted investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

Level 2

Financial instruments at Level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Level 3

Financial instruments at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include unquoted equity investments, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The values of the investments in unquoted private debt, infrastructure and timber are based on valuations provided by the general partners to the funds in which the Fund has invested.

These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines or similar guidelines provided by the British Venture Capital Association, which follow the valuation principles of International Financial Reporting Standards (IFRS). The valuations are typically undertaken annually at the end of December. Cash flow adjustments are used to roll forward the valuations to 31 March as appropriate.

Notes to the Financial Statements

14c Valuation of financial instruments carried at fair value (cont)

	31 March 2017			
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Investment assets				
Designated as fair value through fund account	341,849	73,313	54,320	469,482
Loans and receivables	15,472	-	-	15,472
Total investments assets	357,321	73,313	54,320	484,954
Investment liabilities				
Designated as fair value through fund account	(18)	-	-	(18)
Total investment liabilities	(18)	-	-	(18)
Net Investment assets	357,303	73,313	54,320	484,936

	31 March 2016			
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Investment assets				
Designated as fair value through fund account	329,457	19,661	28,883	378,001
Loans and receivables	13,102	-	-	13,102
Total investments assets	342,559	19,661	28,883	391,103
Investment liabilities				
Designated as fair value through fund account	(315)	-	-	(315)
Total investment liabilities	(315)	-	-	(315)
Net Investment assets	342,244	19,661	28,883	390,788

14d Reconciliation of fair value measurements within level 3

	Market value at 31 March 2016	Level 3 transfers		Purchases at cost & derivative payments	Sales & derivative receipts	Unrealised gains / (losses)	Realised gains / (losses)	Market value at 31 March 2017
		in	out					
Pooled investments								
Infrastructure	18,007	-	-	18,781	(2,306)	4,456	305	39,243
Timber	8,022	-	-	-	(889)	188	1,040	8,361
Secured loans	2,854	-	-	3,953	(291)	3	197	6,716
	28,883	-	-	22,734	(3,486)	4,647	1,542	54,320

Unrealised and realised gains and losses are recognised in the profit and losses on disposal and changes in the market value of investments line of the fund account.

Notes to the Financial Statements

15 Nature and extent of risk arising from financial instruments

Risk and risk management

The Fund's primary aim is to ensure that all members and their dependants receive their benefits when they become payable. The investment strategy aims to maximise the returns from investments within reasonable risk parameters and hence minimise the long-term cost to employers. The Fund achieves this by investing in a diverse range of assets to reduce risk to an acceptable level. In addition, the Fund ensures that sufficient cash is available to meet all liabilities when they are due to be paid.

Responsibility for the Fund's overall investment strategy rests with the Pensions Committee. The Investment Strategy Panel and the internal investment team monitor investment risks on a regular basis. Investment risk management tools are used to identify and analyse risks faced by the Fund's investments.

Consideration of the Fund's investment risk is part of the overall risk management of the pensions operations. Risks are reviewed regularly to reflect changes in activity and market conditions.

Types of investment risk

There are various ways of considering investment risks for pension funds. For the purposes of this note, market risk is the potential for an investor to experience losses from falls in the prices of investments. All financial instruments, including cash deposits, present a risk of loss of capital and risks vary depending on different asset classes.

Market risk also changes over time as economic conditions and investor sentiment change. The Fund considers overall fluctuations in prices arising from a variety of sources: market risk, foreign exchange risk, interest rate risk, credit risk, etc. The different risks may, to some extent, offset each other.

The overall market risk of the Fund depends on the actual mix of assets and encompasses all the different elements of risk.

The Fund manages these risks in a number of ways:

- assessing and establishing acceptable levels of market risk when setting overall investment strategy. Importantly, risk is considered relative to the liabilities of the Fund
- diversification of investments in terms of type of asset, investment styles, investment managers, geographical and industry sectors as well as individual securities
- taking stewardship responsibilities seriously and pursuing constructive engagement with the companies in which we invest
- monitoring market risk and market conditions to ensure risk remains within tolerable levels
- using equity futures contracts from time to time to manage market risk. Exchange traded options are not used by the Fund.

Notes to the Financial Statements

15 Nature and extent of risk arising from financial instruments (cont)

Sensitivity analysis

Asset prices have a tendency to fluctuate. The degree of such fluctuation is known as “volatility” and it differs by asset class. The table sets out the long-term volatility assumptions used in the Fund’s asset-liability modelling undertaken by the Fund’s investment adviser KPMG:

Asset type	Potential price movement (+ or -)
Equities - Developed Markets	20.5%
Private Equity	30.0%
Timber and Gold	18.0%
Secured Loans	8.0%
Corporate Bonds	5.5%
Index-Linked Gilts	10.9%
Infrastructure	18.0%
Property	13.0%
Cash	1.1%

Volatility is the standard deviation of annual returns. Broadly speaking, in two years out of three, the asset’s change in value (which could be a gain or a loss) is expected to be lower than the volatility figure, but in one year out of three, the change in value is expected to be higher than the volatility figure.

Asset classes do not always move in line with each other. The extent to which assets move together is known as their “correlation”. A lower correlation means that there is less risk of assets losing value at the same time.

The overall Fund benefits from “diversification” because it invests in different asset classes, which don’t all move in line with each other. Consequently, the aggregate risk at the Fund level is less than the total risk from all the individual assets in which the Fund invests. The following table shows the risks at the asset class level and the overall Fund level, with and without allowance for correlation.

	Value at 31 March 2017 £000	% of fund %	Potential Change +/- %	Value on increase £000	Value on decrease £000
Equities - Developed Markets	266,867	55.1	20.5	321,575	212,159
Private Equity	6,287	1.3	30.0	8,173	4,401
Timber and Gold	8,361	1.7	18.0	9,866	6,856
Secured Loan	6,717	1.4	8.0	7,254	6,180
Corporate Bonds	30,100	6.2	5.5	31,764	28,436
Index-Linked Gilts	73,793	15.2	10.9	81,801	65,785
Infrastructure	42,903	8.8	18.0	50,626	35,180
Property	38,146	7.9	13.0	43,105	33,187
Cash and forward foreign exchange	11,762	2.4	1.1	11,892	11,632
Total [1]	484,936	100.0	16.7	566,055	403,817
Total [2]			13.9	552,240	417,632
Total [3]			13.9	552,287	n/a

[1] No allowance for correlations between assets

[2] Including allowance for correlations between assets

[3] Including allowance for correlation between assets and liabilities.

Notes to the Financial Statements

15 Nature and extent of risk arising from financial instruments (cont)

The value on increase/decrease columns illustrate the monetary effect of the percentage change in the volatility column. The actual annual change in value is expected to be lower than this in two years out of three, but higher in one year out of three.

It can be seen that the risk to the overall Fund assets [2] is lower than the total of the risks to the individual assets.

However, because the purpose of a pension scheme is to make payments to scheme beneficiaries, the true risk of a pension scheme is not measured in absolute terms, but relative to its liabilities [3].

This risk analysis incorporates volatility from market, interest rate, foreign exchange, credit, and all other sources of risk, and, importantly, makes allowance for how these risks may offset each other.

Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit risk in their pricing and consequently the risk of loss is implicitly provided for in the value of the Fund's assets and liabilities (as outlined in Market Risk above).

In essence, the Fund's entire investment portfolio is exposed to some sort of credit risk. However, through the selection of counterparties, brokers and financial institutions the Fund reduces the credit risk that may occur through the failure to settle a transaction in a timely manner.

Cash deposits, derivatives and securities lending are the major areas of credit exposure where credit risk is not reflected in market prices.

Cash deposits

At 31 March 2017, cash deposits represented £16.5m, 3.3% of total net assets. This was held with the following institutions:

	Moody's Credit Rating at 31 March 2017	Balances at 31 March 2016 £000	Balances at 31 March 2017 £000
Held for investment purposes			
Northern Trust Global Investment Limited - liquidity funds	Aaa-mf	2,384	3,270
Northern Trust Company - cash deposits	Aa2	8,509	9,882
The City of Edinburgh Council - treasury management	See below	918	922
Total investment cash		11,811	14,074
Held for other purposes			
The City of Edinburgh Council - treasury management	See below	2,867	2,440
Total cash		14,678	16,514

The majority of Sterling cash deposits of the Fund are managed along with those of the administering authority (the City of Edinburgh Council) and other related organisations which are pooled for investment purposes as a treasury cash fund. Management of the cash fund is on a low risk basis, with security of the investments the key consideration.

Notes to the Financial Statements

15 Nature and extent of risk arising from financial instruments (cont)

The Council has in place institutional restrictions on investments and counterparty criteria. These include -

- (a) UK Government and other UK local Authorities with no limit, other public bodies up to £20 million per organisation.
- (b) Money market funds (MMFs) no more than £30 million or 15% with any one Fund.
- (c) Financial Institutions: Banks and Building Societies with multiple criteria based on a range of short and long term credit ratings, as well as any security provided, from maximum of £60 million / 20% of assets under management (AUM) for institutions with the highest criteria to £10 million / 5% of AUM for institutions with the lowest acceptable criteria.

	Moody's Credit Rating at 31 March 2017	Balances at 31 March 2016 £000	Balances at 31 March 2017 £000
Money market funds			
Deutsche Bank AG, London	Aaa-mf	505	18
Goldman Sachs	Aaa-mf	4	-
Bank call accounts			
Bank of Scotland	A1	248	336
Royal Bank of Scotland	A3	40	5
Santander UK	Aa3	-	1
Barclays Bank	A1	256	-
Svenska Handelsbanken	Aa2	261	1
UK Pseudo-Sovereign risk instruments			
Other Local Authorities [1]	Aa1	1,717	3,001
UK Government Treasury Bills	Aa1	754	-
		3,785	3,362

[1] Very few Local Authorities have their own credit rating but they are generally assumed to have a pseudo-sovereign credit rating (which in the UK at 31 March 2017 was 'Aa1').

No breaches of the Council's counterparty criteria occurred during the reporting period and the Fund does not expect any losses from non-performance by any of its counterparties in relation to deposits.

Securities lending

The Fund participates in a securities lending programme as described above. The Fund is potentially exposed to credit risk in the event of the borrower of securities defaults. This risk is mitigated by the contractual commitment that borrowers provide collateral in excess of 100% of the value of the securities borrowed. In addition, Northern Trust has signed an agreement requiring it to make good any losses arising from the lending programme.

Derivatives

The Fund transacts foreign currency derivatives over-the-counter and hence is exposed to credit risk in the event of a counterparty defaulting on the net payment or receipt that remains outstanding. This risk is minimised by the use of counterparties that are recognised financial intermediaries with acceptable credit ratings and by netting agreements. At 31 March 2017, the Fund had no over-the-counter foreign currency derivatives.

Refinancing risk

Refinancing risk is the risk that the Fund will be bound to replenish a significant proportion of its pension fund financial instruments at a time of unfavourable interest rates. The Fund is not bound by any obligation to replenish its investments and hence is not exposed to refinancing risk.

Notes to the Financial Statements

15 Nature and extent of risk arising from financial instruments (cont)

Liquidity risk

Liquidity risk reflects the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund therefore ensures that there is adequate cash and liquid resources to meet its commitments. Cash flow projections are prepared on a regular basis to understand and manage the timing of the Fund's cash flows.

The majority (estimated to be approximately 89% (2016 93%)) of the Fund's investments could be converted to cash within three months in a normal trading environment.

16 Actuarial statement

The Scheme Actuary has provided a statement describing the funding arrangements of the Fund. This can be found at the end of this section.

17 Actuarial present value of promised retirement benefits

The actuarial value of promised retirement benefits at the accounting date, calculated in line with International Accounting Standard 19 (IAS19) assumptions, is estimated to be £488m (2016 £374m). This figure is used for statutory accounting purposes by Lothian Buses Pension Fund and complies with the requirements of IAS26.

The figure is only prepared for the purposes of IAS26 and has no validity in other circumstances. In particular, it is not relevant for calculations undertaken for funding purposes and setting contributions payable to the Fund.

Financial assumptions	31 March 2016	31 March 2017
	% p.a.	% p.a.
Inflation/pensions increase rate	2.2	2.4
Salary increase rate	4.2	4.4
Discount rate	3.5	2.6

Longevity assumptions

The life expectancy assumption is based on Fund specific statistical analysis with improvements in line with the CMI 2012 model, assuming that the current rate of improvements has reached a peak and will converge to a long term rate of 1.25% p.a.. Based on these assumptions, the average future life expectancies, in years, at age 65 are summarised below:

	31 March 2016		31 March 2017	
	Males	Females	Males	Females
Current pensioners	20.4 years	22.9 years	20.4 years	22.9 years
Future pensioners (assumed to be currently 45)	23.5 years	25.9 years	23.5 years	25.9 years

Commutation assumption

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2009 service and 75% of the maximum tax-free cash for post-April 2009 service.

Notes to the Financial Statements

18 Debtors

	2015/16 £000	2016/17 £000
Contributions due - employer	576	581
Contributions due - members	158	153
Sundry debtors	94	10
	828	744

Analysis of debtors

	31 March 2016 £000	31 March 2017 £000
Administering Authority	1	1
Lothian Buses Limited	818	733
Other entities and individuals	9	10
	828	744

19 Creditors

	31 March 2016 £000	31 March 2017 £000
Benefits payable	275	201
Miscellaneous creditors and accrued expenses	177	161
	452	362

Analysis of creditors

	31 March 2016 £000	31 March 2017 £000
Other entities and individuals	452	362
	452	362

20 Additional Voluntary Contributions

Active members of the Lothian Buses Pension Fund have the option to pay additional voluntary contributions (AVCs). These AVCs are invested separately from the main funds, securing additional benefits on a money purchase basis for those members that have elected to contribute. The investment of the AVCs is managed by Standard Life and Prudential.

In accordance with regulation 4 (2) (b) of the Local Government Pension Scheme (Management and Investment of Funds) (Scotland) Regulations 2010, AVCs are not included in the pension fund financial statements.

Total contributions during year	2015/16 £000	2016/17 £000
Standard Life	6	8
Prudential	61	70
	67	78

Total value at year end	31 March 2016 £000	31 March 2017 £000
Standard Life	170	155
Prudential	315	294
	485	449

Notes to the Financial Statements

21 Related party transactions

The City of Edinburgh Council

The Lothian Pension Fund, the Lothian Buses Pension Fund and the Scottish Homes Pension Fund are administered by the City of Edinburgh Council. Consequently there is a strong relationship between the Council and the Pension Funds.

The Investment and Pensions Division of the Council is responsible for administering the three Pension Funds. The Division receives an allocation of the overheads of the Council, based on the amount of central services consumed. In turn, the Division allocates its costs to the three Pension Funds. Costs directly attributable to a specific Fund are charged to the relevant Fund; costs that are common to all three Funds are allocated on a defined basis.

Transactions between the Council and the Fund are managed via a holding account. Each month the Fund is paid a cash sum leaving a working balance in the account to cover the month's pension payroll costs and other expected costs.

	31 March 2016 £000	31 March 2017 £000
Year end balance of holding account	400	385
	400	385

Part of the Fund's cash holdings are invested on the money markets by the treasury management operations of the Council, through a service level agreement. During the year to 31 March 2017, the fund had an average investment balance of £3.0m (2016 £9.5m). Interest earned was £12.1k (2016 £12.2k).

Year end balance on treasury management account	31 March 2016 £000	31 March 2017 £000
Held for investment purposes	918	922
Held for other purposes	2,867	2,440
	3,785	3,362

Scheme employer - Lothian Buses Limited

Lothian Buses Limited are (by definition) a related party to the scheme. The employer contributions to the Fund can be found in note 3 (page 70) of the notes to the Financial Statements.

Governance

As at 31 March 2017, all members of the Pensions Committee, with the exception of Councillor Bill Cook and Richard Lamont, and all members of the Pensions Board, were members of the Lothian Pension Fund or Lothian Buses Pension Fund, with one member of the Pensions Board in receipt of pension benefits from Lothian Pension Fund.

Each member of the Pensions Committee and Pension Board is required to declare any financial and non-financial interests they have in the items of business for consideration at each meeting, identifying the relevant agenda item and the nature of their interest.

Notes to the Financial Statements

21 Related party transactions (cont)

With effect from 1 May 2015, all the employees listed below, with the exception of the Executive Director of Resources, were employed by LPFE Limited. These employees and their financial relationship with the Fund (expressed as cash-equivalent transfer values or CETV) are set out below:

Name	Position held	Accrued CETV as at 31 March 2016	Accrued CETV as at 31 March 2017
		£000	£000
Hugh Dunn*	Acting Executive Director of Resources	755	1,251
Clare Scott*	Chief Executive Officer, Lothian Pension Fund	175	221
Bruce Miller	Chief Investment Officer, Lothian Pension Fund	185	267
Struan Fairbairn	Chief Risk Officer, Lothian Pension Fund	30	46
John Burns	Chief Finance Officer, Lothian Pension Fund	474	538
Esmond Hamilton	Financial Controller	161	200

* Also disclosed in the financial statements of the City of Edinburgh Council.

Total compensation paid in relation to key management personnel employed by LPFE Limited during the period was as follows:

	31 March 2016	31 March 2017
	£000	£000
Short-term employee benefits	318	380
Post-employment benefits - employer pension contributions	65	78

Key management personnel had accrued pensions totalling £81,825 (1 April 2016: £68,004) and lump sums totalling £100,185 (1 April 2016: £68,004) at the end of the period.

Staff are either employed by City of Edinburgh Council or LPFE Limited, and their costs reimbursed by the Pension Funds. The Councillors, who are members of the Pensions Committee, are also remunerated by City of Edinburgh Council.

22 Contractual commitments

The Fund has commitments relating to outstanding call payments due on unquoted funds invested in private debt, timber and infrastructure. The amounts 'called' by these funds are irregular in both size and timing, taking place over a period of years from the date of each original commitment. The outstanding commitments at the year end are as follows:

	31 March 2016	31 March 2017
	£000	£000
Outstanding investment commitments	6,722	12,462
	6,722	12,462

Notes to the Financial Statements

23 Contingent assets and liabilities

At 31 March 2017 the Fund had entered into negotiations for an infrastructure co-investments in which it is exposed to the potential risk of investment abort costs. Lothian Buses Pension Fund's exposure to this is approximately £1.6k.

There were no contingent assets at year end.

24 Impairment losses

No impairment losses have been identified during the year.

Lothian Buses Pension Fund

Actuarial Statement for 2016/17

This statement has been prepared in accordance with Regulation 55(1)(d) of the Local Government Pension Scheme (Scotland) Regulations 2014. It has been prepared at the request of the Administering Authority of the Fund for the purpose of complying with the aforementioned regulation.

Description of Funding Policy

The funding policy is set out in the Administering Authority's Funding Strategy Statement (FSS), dated 16 November 2015. In summary, the key funding principles are as follows:

- To ensure solvency of the Fund;
- To minimise the degree of short-term change in employer contribution rates;
- Reduce risk of the investment strategy over time;
- To ensure that sufficient cash is available to meet all liabilities as they fall due for payment

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable.

Funding Position as at the last formal funding valuation

The most recent actuarial valuation carried out under Regulation 32 of the Local Government Pension Scheme (Scotland) (Administration) Regulations 2008 was as at 31 March 2014. This valuation revealed that the Fund's assets, which at 31 March 2014 were valued at £337 million, were sufficient to meet 117% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting surplus at the 2014 valuation was £48 million.

On the more prudent gilts basis, the Fund's assets as at 31 March 2014 were sufficient to meet 88% of the liabilities accrued to that date. The resulting deficit at the 2014 valuation, on the gilts basis, was £45 million.

The employer contributions for the period 1 April 2015 to 31 March 2018 were set in accordance with the Fund's funding policy as set out in its Funding Strategy Statement.

Principal Actuarial Assumptions and Method used to value the liabilities

Full details of the methods and assumptions used are described in the valuation report dated 31 March 2014.

Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date, and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

Lothian Buses Pension Fund

Actuarial Statement for 2016/17

The key financial assumptions adopted for the 2014 valuation were as follows:

Financial assumptions	31 March 2014	
	% p.a.	% p.a.
	Nominal	Real
Discount rate	5.0%	2.3%
Pay increases*	5.0%	2.3%
Price inflation/Pension increases	2.7%	-

*2% p.a. for 2014/15 and 2015/16, reverting to 5.0% thereafter.

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI_2012 model, assuming the current rate of improvements has reached a peak and will converge to long term rate of 1.25% p.a.. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	20.4 years	22.6 years
Future Pensioners *	23.5 years	25.9 years

*Future pensioners are assumed to be at the 2014 valuation aged 45.

Copies of the 2014 valuation report and Funding Strategy Statement are available on request from The City of Edinburgh Council, the Administering Authority to the Fund.

Experience over the period since April 2014

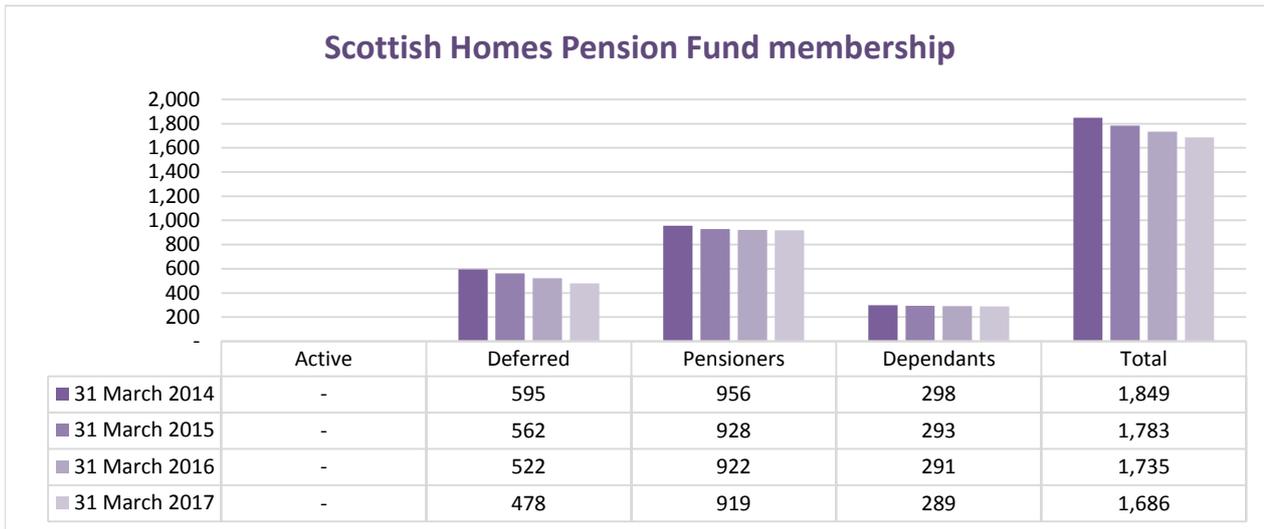
The Fund's experience has been worse than expected since the last formal valuation (excluding the effect of any membership movements and any potential changes to assumptions at the 2017 valuation). Real bond yields have fallen sharply which places a higher value on liabilities. The effect of this will have been partially offset by strong asset returns. The funding level is therefore likely to have worsened over the period.

The next actuarial valuation will be carried out as at 31 March 2017 with the results signed off within 12 months. The Funding Strategy Statement will also be reviewed at that time.

Richard Warden FFA
Fellow of the Institute and Faculty of Actuaries
For and on behalf of Hymans Robertson LLP
20 Waterloo Street
Glasgow
G2 6DB

28 April 2017

Scottish Homes Pension Fund



Investment strategy

The funding agreement with the Scottish Government and the investment strategy are designed to reduce investment risk as the Fund is closed to new members and the liabilities will mature over time. Both allow for acceleration in the sale of equities and property and purchase of bonds if the actual funding level improves to the target funding level. The 2014 Actuarial Valuation showed that the actual funding level (88.8%) was below the target funding level (91.5%).

Following the results of the 2014 Actuarial Valuation, the Pensions Committee approved a revised investment strategy for Scottish Homes Pension Fund in December of that year, with a reducing equity allocation, and corresponding increases in the bond allocation dependent on the funding level. The target funding levels from 2014 to 2026 are shown in the table below along with the corresponding target equity allocations.

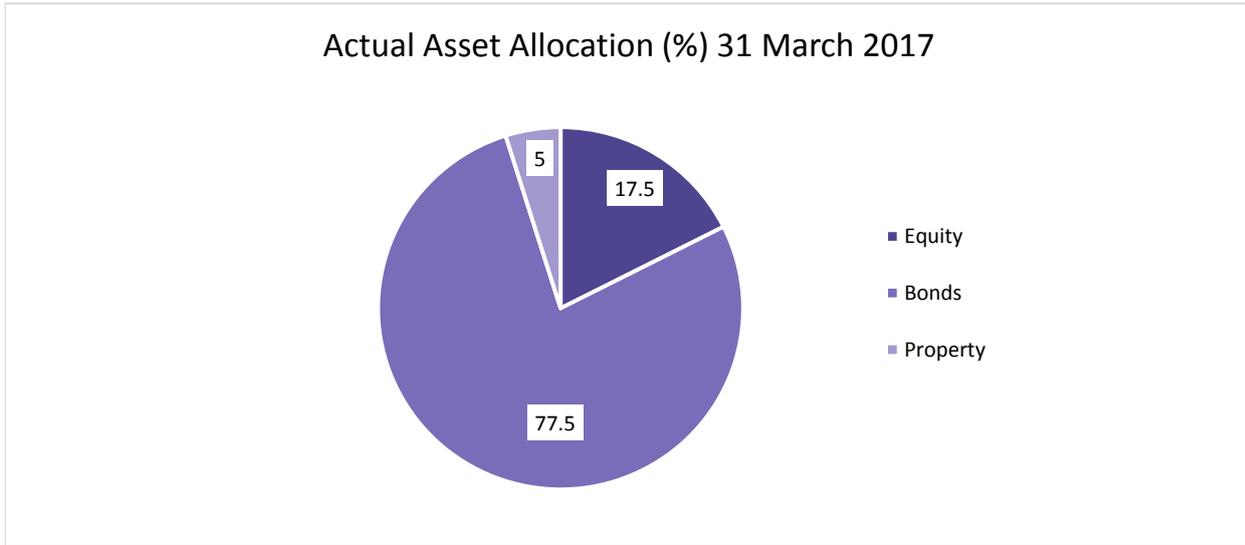
Year [1]	Target Funding Level	Target Equity Allocation
	%	%
2014	91.5	30
2017	93.0	25
2020	94.5	20
2023	95.5	15
2026	96.5	10

[1] The Scottish Government guarantee agreement sets out the increasing target funding levels every 3 years until 2044.

Over 2016/17, the actual funding level fluctuated above and below the target funding level reflecting movements in market interest rates and fund asset prices. Action was taken to vary the equity allocation between 30% and 17.5% over the year, consistent with the funding approach. The strategic asset allocation at the end of the 2016 and 2017 financial years are shown below.

	Strategic Allocation	Strategic Allocation
	31 March 2016	31 March 2017
	%	%
Equities	30.0	17.5
Bonds	65.0	77.5
Property	5.0	5.0
Cash	-	-
Total	100.0	100.0

During 2016/17, the equity allocation was reduced on four occasions from 30% to 17.5%. These changes were made to take advantage of movements in financial markets, which caused the funding level to trend higher over the course of the year. The actual allocations at 31 March 2017 are shown in the pie chart below.



Due to the requirement to divest on a regular basis, an analysis of a cash flow based strategy was undertaken which looked at alternative asset portfolios to demonstrate the effect on future cash flows for the Fund. As a result, the Fund implemented changes within the current funding approach to enhance income generation and to improve matching of cash flows from bond investments with the expected timing of pension payments. Management of the equity and bond portfolios was brought in-house.

These changes followed on from a review of the investment strategy during 2015/16 and further work undertaken in relation to the proposals to the Scottish Government to change and update its funding agreement. The Scottish Government has agreed to consider alternatives to the existing funding approach. The current bond-focused investment strategy provides income yield of less than 2%, and so the Fund is required to sell assets on a regular basis to pay pensions. The latest work concluded that a less prescriptive investment and funding strategy would allow a higher-yielding investment strategy and a more flexible approach to setting contributions. Further development of the alternative funding strategies will be taken forward in 2017/18 as part of the 2017 actuarial valuation.

Investment performance

The objectives of the Fund are:

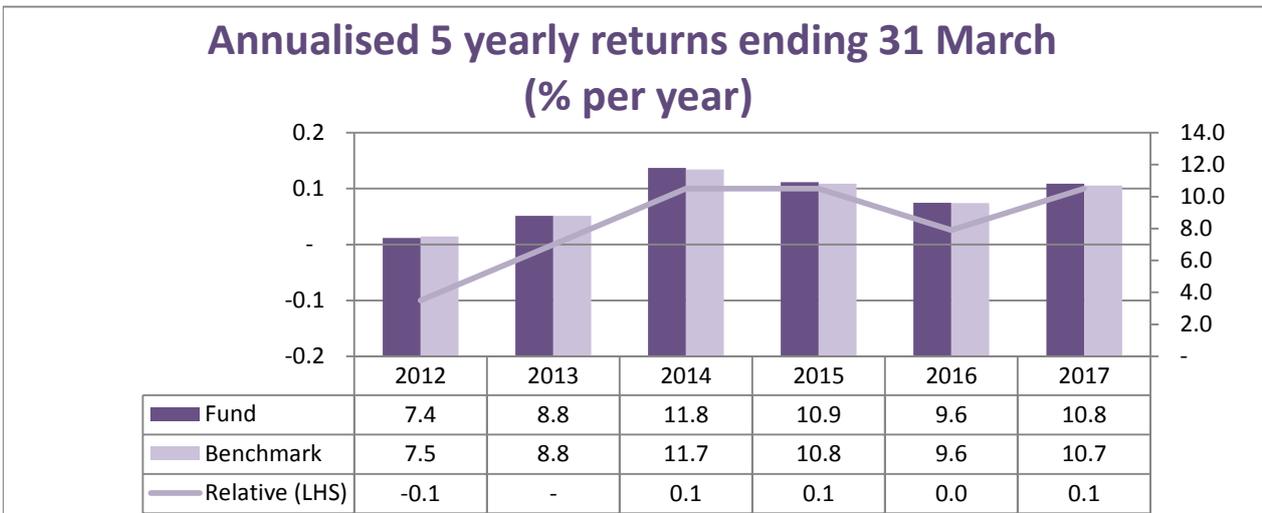
- over long-term economic cycles (typically 5 years or more), the achievement of the same return as that generated by the strategic allocation;
- over shorter periods, the Fund should perform better than the strategic allocation if markets fall significantly.

The Fund's annualised performance over the year and longer-term periods is shown in the table below. The Fund has performed broadly in line with its benchmark over all time periods.

Annualised returns to 31 March 2017 (% per year)	1 year	5 years	10 years
Scottish Homes Pension Fund	18.9	10.8	9.1
Benchmark	18.7	10.7	9.1
Actuarial Valuation Assumptions *	3.4	3.8	4.1
Retail Price Index (RPI)	3.1	2.3	2.8
Consumer Price Index (CPI)	2.3	1.4	2.3
National Average Earnings	2.4	1.9	2.0

* estimated

The absolute performance of Scottish Homes Pension Fund over the 12-month period was 18.9% and 5 year performance was 10.8% per annum. Over 2016/17, all asset classes generated healthy positive returns of 22.7%, 14.5%, and 6.2% from equities, bonds and property, respectively. While equities and bonds performed in line with their benchmarks, property outperformed during the period. The Fund's risk has been marginally lower than that of the benchmark over the last year and 5 years. Since inception in July 2005, the Fund has returned +9.3% per annum, in line with its benchmark but well ahead of broad measures of inflation and national average earnings.



Scottish Homes Pension Fund

Fund Account for year ended 31 March 2017

This statement shows a summary of the income and expenditure that the Pension Fund has generated and consumed in delivering the Local Government Pension Scheme. Included is the income generated from the Scottish Government's contributions and investment income, as well as the cost of providing benefits and administration of the Fund.

2015/16 £000		Note	2016/17 £000
	Income		
675	Contributions from the Scottish Government	3	675
-	Transfers from other schemes		-
675			675
	Less: expenditure		
6,890	Pension payments including increases		6,789
472	Lump sum retirement payments		563
7	Lump sum death benefits		-
290	Transfers to other schemes	4	120
53	Administrative expenses	5b	68
7,712			7,540
(7,037)	Net withdrawals from dealing with members		(6,865)
	Returns on investments		
799	Investment income	6	877
1,962	Change in market value of investments	7, 10b	26,569
(169)	Investment management expenses	5c	(212)
2,592	Net returns on investments		27,234
(4,445)	Net increase/(decrease) in the Fund during the year		20,369
154,720	Net assets of the Fund at 1 April 2016		150,275
150,275	Net assets of the Fund at 31 March 2017	10	170,644

Scottish Homes Pension Fund

Net Assets Statement as at 31 March 2017

This statement provides a breakdown of type and value of all net assets at the year end.

31 March 2016 £000	Note	31 March 2017 £000
Investment Assets		
59,749	Bonds	127,970
-	Equities - UK	4,450
-	- Overseas	23,771
88,661	<u>Pooled investment vehicles</u>	7,998
7,788	- UK managed fund - Property	7,998
44,928	- UK managed fund - Equity	-
35,945	- UK managed fund - Gilts	-
11	Cash Deposits	3,602
177	Other investment assets	459
148,598		168,250
Investment Liabilities		
-	Other investment assets	-
-		-
148,598	Net investment assets	168,250
	8	
Current assets		
95	The City of Edinburgh Council	146
1,610	Cash balances	2,232
22	Debtors	31
1,727		2,409
Current liabilities		
(50)	Creditors	(15)
(50)		(15)
1,677	Net current assets	2,394
150,275	Net assets of the Fund at 31 March 2017	170,644
	10	

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Chief Finance Officer, Lothian Pension Fund

28 June 2017

Note to the net asset statement

The financial statements summarise the transactions of the Fund during the year and its net assets at the year end. They do not take account of the obligations to pay pensions and benefits which fall due after the end of the year. The actuarial position of the Fund, which does take account of such obligations, is discussed in the Actuarial Valuation section of this report and these financial statements should be read in conjunction with that information. In addition, as required by IAS26, the Actuarial Present Value of Promised Retirement Benefits is disclosed in the notes to these financial statements.

Notes to the Financial Statements

1 Statement of Accounting Policies

The statement of accounting policies for all Funds can be found on page 112.

2 Events after the Reporting Date

There have been no events since 31 March 2017, and up to the date when these Financial Statements were authorised, that require any adjustments to these Financial Statements.

3 Contributions from the Scottish Government

	2015/16 £000	2016/17 £000
Deficit funding	575	575
Administration expenses	100	100
	675	675

The Scottish Homes Pension Fund is a single employer pension fund for former employees of Scottish Homes. The Scottish Homes Pension Fund was set up under (Scottish) Statutory Instrument 315/2005, when Scottish Homes became Communities Scotland, an agency of the Scottish Government.

Following the actuarial valuation at 31 March 2014, deficit funding of £575,000 per year is being paid by the Scottish Government over the period April 2015 to March 2018. In addition, the Scottish Government agreed to pay £100,000 every year towards the cost of ongoing administration.

Where the Scottish Government makes certain decisions which result in additional benefits being paid out to a member, or benefits being paid early, this results in a "strain" on the Fund. The resulting pension strain costs are calculated and recharged in full.

The Fund consists of only deferred and pensioner members, hence no employee contributions were paid during the year.

4 Transfers out to other pension schemes

	2015/16 £000	2016/17 £000
Group transfers	-	-
Individual transfers	290	120
	290	120

5a Total Management expenses

	2015/16 £000	2016/17 £000
Administrative costs	38	38
Investment management expenses	149	149
Oversight and governance costs	35	93
	222	280

This analysis of costs for the Scottish Homes Pension Fund has been prepared in accordance with CIPFA guidance. The analysis looks at the combined administration and investment management expenses in note 5b and c and splits out the costs to include a third heading covering oversight and governance expenditure.

Notes to the Financial Statements

5b Administrative expenses

	2015/16 £000	2016/17 £000
Employee Costs	23	26
The City of Edinburgh Council - other support costs	3	3
System costs	7	7
Actuarial fees	12	24
External audit fees	1	1
Printing and postage	2	2
Depreciation	1	1
Office costs	2	3
Sundry costs less sundry income	2	1
	53	68

The Investment and Pensions Division of the Council is responsible for administering the three Pension Funds. The Division receives an allocation of the overheads of the Council. In turn the Division apportioned administration and investment costs to the three pension funds. Costs directly attributable to a specific fund are charged to the relevant Fund, costs that are common to all three funds are apportioned on a defined basis.

5c Investment management expenses

	2015/16 £000	2016/17 £000
External management fees - invoiced	52	50
External management fees - deducted from capital (direct)	52	55
External management fees - deducted from capital (indirect)	-	-
Transaction costs	1	40
Employee costs	25	29
Custody fees	17	14
Engagement and voting fees	2	2
Performance measurement fees	5	5
Consultancy fees	2	2
System costs	5	6
Legal fees	-	3
The City of Edinburgh Council - other support costs	3	3
Office costs	2	2
Sundry costs less sundry income	3	1
	169	212

Any indirect costs incurred through the bid-offer spread on some pooled investment vehicles are reflected in the cost of investment acquisitions or in the proceeds of investment sales (see note 7a - Reconciliation of movements in investments).

The Fund has not incurred any performance-related investment management fees in 2016/17 or 2015/16.

Notes to the Financial Statements

6 Investment income	2015/16	2016/17
	£000	£000
Income from fixed interest securities	512	536
Dividends from Equities	-	62
Income from pooled investments - property	277	265
Interest on cash deposits and sundries	10	16
	799	879
Irrecoverable withholding tax	-	(2)
	799	877

7 Reconciliation of movement in investments	Market value at 31 March 2016	Purchases at cost	Sales & proceeds	Change in market value	Market value at 31 March 2017
	£000	£000	£000	£000	£000
Bonds	59,749	97,017	(37,319)	8,523	127,970
Equities	-	28,285	-	(64)	28,221
Pooled investment vehicles	88,661	9,569	(108,262)	18,030	7,998
	148,410	134,871	(145,581)	26,489	164,189
Other financial assets / (liabilities)					
Cash deposits	11			80	3,602
Dividend due etc	177			-	459
	188			80	4,061
Net financial assets	148,598			26,569	168,250

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

Any indirect costs incurred through the bid-offer spread on some pooled investment vehicles are reflected in the cost of investment acquisitions and in the proceeds from sales and are therefore included in the tables above.

	Market value at 31 March 2015	Purchases at cost	Sales & proceeds	Change in market value	Market value at 31 March 2016
	£000	£000	£000	£000	£000
Bonds	54,147	5,698	-	(96)	59,749
Pooled investment vehicles	97,503	13,987	(24,887)	2,058	88,661
	151,650	19,685	(24,887)	1,962	148,410
Other financial assets / (liabilities)					
Cash deposits	244			-	11
Dividend due etc	173			-	177
	417			-	188
Net financial assets	152,067			1,962	148,598

Notes to the Financial Statements

8 Investment managers and mandates

Manager	Mandate	Market value at 31 March 2016 £000	% of total 31 March 2016 %	Market value at 31 March 2017 £000	% of total 31 March 2017 %
State Street	UK equities	10,060	6.8	-	-
Total UK equities		10,060	6.8	-	-
State Street	N American equities	13,752	9.2	-	-
State Street	European (ex UK) equities	8,994	6.1	-	-
State Street	Pacific (ex Japan) equities	3,617	2.4	-	-
State Street	Japanese equities	4,834	3.3	-	-
State Street	Emerging markets equities	3,672	2.5	-	-
Total regional overseas equities		34,869	23.5	-	-
In-house	High Div Equity	-	-	29,037	17.3
Total global equities		-	-	29,037	17.3
In-house	UK Index linked gilts	59,937	40.3	128,477	76.4
State Street	UK Fixed interest gilts	19,777	13.3	-	-
State Street	UK Index linked gilts	16,167	10.9	-	-
Total fixed interest and inflation linked bonds		95,881	64.5	128,477	76.4
Standard Life	Property	7,788	5.2	7,998	4.8
Total property		7,788	5.2	7,998	4.8
In-house	Cash	-	-	2,738	1.5
Total cash		-	-	2,738	1.5
Net financial assets		148,598	100.0	168,250	100.0

Notes to the Financial Statements

9a Investments representing more than 5% of the net assets of the Fund

	Market value at 31 March 2016 £000	% of total 31 March 2016 %	Market value at 31 March 2017 £000	% of total 31 March 2017 %
UK Gov 1.25% Index Linked 22/11/27	-	-	11,905	7.0
UK Gov 4.125% Index Linked 22/11/17	-	-	10,955	6.4
UK Gov 2.5% Index Linked 17/07/24	-	-	10,637	6.2
UK Gov 2.5% Index Linked 16/04/20	-	-	10,538	6.2
UK Gov 1.875% Index Linked 22/11/22	-	-	10,517	6.2
UK Gov 1.125% Index Linked 22/11/27	26,386	17.4	9,003	5.3
State Street UK Index Linked Gilts Over 15 Years	16,167	10.8	-	-
State Street UK Conventional Gilts Over 15 Years	19,777	13.2	-	-
UK Gov 1.25% Index Linked 22/11/32	16,380	10.9	7,614	4.5
State Street MPF North America Equity Index	13,752	9.2	-	-
UK Gov 1.125% Index Linked 22/11/37	11,321	7.5	7,800	4.6
State Street MPF UK Equity Index	10,060	6.7	-	-
State Street MPF Europe ex-UK Equity Index	8,994	6.0	-	-
Schroders UK Real Estate Income Units	7,788	5.2	7,998	4.7

9b Investments representing more than 5% of asset class

	Market value at 31 March 2016 £000	% of total 31 March 2016 %	Market value at 31 March 2017 £000	% of total 31 March 2017 %
Bonds				
UK Gov 1.25% Index Linked 22/11/27	-	-	11,905	9.3
UK Gov 4.125% Index Linked 22/11/17	-	-	10,955	8.6
UK Gov 2.5% Index Linked 17/07/24	-	-	10,637	8.3
UK Gov 2.5% Index Linked 16/04/20	-	-	10,538	8.2
UK Gov 1.875% Index Linked 22/11/22	-	-	10,517	8.2
UK Gov 1.125% Index Linked 22/11/27	26,386	44.2	9,003	7.0
UK Gov 1.125% Index Linked 22/11/37	11,321	18.9	7,800	6.1
UK Gov 1.25% Index Linked 22/11/32	16,380	27.4	7,614	5.9
UK Gov 0.75% Index Linked 22/03/34	3,472	5.8	3,315	2.6
Pooled funds				
Schroders UK Real Estate Income Units	7,788	8.8	7,998	100.0
State Street UK Index Linked Gilts Over 15 Years	16,167	15.5	-	-
State Street UK Conventional Gilts Over 15 Years	19,777	22.3	-	-
State Street MPF North America Equity Index	13,752	15.5	-	-
State Street MPF UK Equity Index	10,060	11.3	-	-
State Street MPF Europe ex-UK Equity Index	8,994	10.1	-	-
State Street MPF Japan	4,834	5.5	-	-

Notes to the Financial Statements

10 Financial Instruments

10a Classification of financial instruments

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the fair value amounts of financial assets and liabilities by category and net assets statement heading. No financial assets were reclassified during the accounting period.

All financial instruments are marked to market (at fair value) in the Fund's accounting records hence there is no difference between the carrying value and fair value.

	31 March 2016			31 March 2017		
	Designated as fair value through fund account £000	Loans and receivables £000	Financial liabilities at amortised cost £000	Designated as fair value through fund account £000	Loans and receivables £000	Financial liabilities at amortised cost £000
Financial assets						
Investment assets						
Bonds	59,749	-	-	127,970	-	-
Equities	-	-	-	28,221	-	-
Pooled investments	88,661	-	-	7,998	-	-
Cash	-	11	-	-	3,602	-
Other balances	-	177	-	-	459	-
	148,410	188	-	164,189	4,061	-
Other assets						
City of Edinburgh Council	-	95	-	-	146	-
Cash	-	1,610	-	-	2,232	-
Debtors	-	22	-	-	31	-
	-	1,727	-	-	2,409	-
Assets total	148,410	1,915	-	164,189	6,470	-
Financial liabilities						
Other liabilities						
Creditors	-	-	(50)	-	-	(15)
Liabilities total	-	-	(50)	-	-	(15)
Total net assets	148,410	1,915	(50)	164,189	6,470	(15)

Total net financial instruments	150,275		170,644
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10b Net gains and losses on financial instruments

	2015/16 £000	2016/17 £000
Designated as fair value through fund account	1,962	26,569
Loans and receivables	-	-
Financial liabilities at amortised cost	-	-
Total	1,962	26,569

Notes to the Financial Statements

10c Valuation of financial instruments carried at fair value

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1

Financial instruments at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities and unit trusts.

Quoted investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

Level 2

Financial instruments at Level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Level 3

Financial instruments at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include unquoted equity investments, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The values of the investments in unquoted private equity, infrastructure, timber and real estate are based on valuations provided by the general partners to the funds in which the Fund has invested.

These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines or similar guidelines provided by the British Venture Capital Association, which follow the valuation principles of International Financial Reporting Standards (IFRS). The valuations are typically undertaken annually at the end of December. Cash flow adjustments are used to roll forward the valuations to 31 March as appropriate.

	31 March 2017			
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Investment assets				
Designated as fair value through fund account	36,219	127,970	-	164,189
Loans and receivables	4,061	-	-	4,061
Total investment assets	40,280	127,970	-	168,250
Investment liabilities				
Designated as fair value through fund account	-	-	-	-
Total investment liabilities	-	-	-	-
Net investment assets	40,280	127,970	-	168,250

Notes to the Financial Statements

10c Valuation of financial instruments carried at fair value (cont)

	31 March 2016			
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets				
Designated as fair value through fund account	88,661	59,749	-	148,410
Loans and receivables	188	-	-	188
Total financial assets	88,849	59,749	-	148,598
Financial liabilities				
Designated as fair value through fund account	-	-	-	-
Total financial liabilities	-	-	-	-
Net financial assets	88,849	59,749	-	148,598

11 Nature and extent of risk arising from financial instruments

Risk and risk management

The Fund's primary aim is to ensure that all members and their dependants receive their benefits when they become payable. The investment strategy aims to maximise the returns from investments within reasonable risk parameters and hence minimise the long-term cost to employer. The Fund achieves this by investing in a diverse range of assets to reduce risk to an acceptable level. In addition, the Fund ensures that sufficient cash is available to meet all liabilities when they are due to be paid.

Responsibility for the Fund's overall investment strategy rests with the Pensions Committee. The Investment Strategy Panel and the internal investment team monitor investment risks on a regular basis. Investment risk management tools are used to identify and analyse risks faced by the Fund's investments.

Types of investment risk

There are various ways of considering investment risks for pension funds. For the purposes of this note, market risk is the potential for an investor to experience losses from falls in the prices of investments. All financial instruments, including cash deposits, present a risk of loss of capital and risks vary depending on different asset classes.

Market risk also changes over time as economic conditions and investor sentiment change. The Fund considers overall fluctuations in prices arising from a variety of sources: market risk, foreign exchange risk, interest rate risk, credit risk, etc. The different risks may, to some extent, offset each other. The overall market risk of the Fund depends on the actual mix of assets and encompasses all the different elements of risk.

The Fund manages these risks in a number of ways:

- assessing and establishing acceptable levels of market risk when setting overall investment strategy. Importantly, risk is considered relative to the liabilities of the Fund
- diversification of investments in terms of type of asset, investment styles, investment managers, geographical and industry sectors as well as individual securities
- taking stewardship responsibilities seriously and pursuing constructive engagement with the companies in which we invest
- monitoring market risk and market conditions to ensure risk remains within tolerable levels.

Notes to the Financial Statements

11 Nature and extent of risk arising from financial instruments (cont)

Sensitivity analysis

Asset prices have a tendency to fluctuate. The degree of such fluctuation is known as “volatility” and it differs by asset class. The table sets out the long-term volatility assumptions used by the Fund’s investment adviser KPMG:

Asset type	Potential price movement (+ or -)
Equities - Developed Markets	20.5%
Index-Linked Gilts	10.9%
Property	13.0%
Cash	1.1%

Volatility is the standard deviation of annual returns. Broadly speaking, in two years out of three, the asset’s change in value (which could be a gain or a loss) is expected to be lower than the volatility figure, but in one year out of three, the change in value is expected to be higher than the volatility figure.

Asset classes don’t always move in line with each other. The extent to which assets move together is known as their "correlation". A lower correlation means that there is less risk of assets losing value at the same time. The overall Fund benefits from "diversification" because it invests in numerous different asset classes, which don’t all move in line with each other. Consequently, the aggregate risk at the Fund level is less than the total risk from all the individual assets in which the Fund invests.

The following table shows the risks at the asset class level and the overall Fund level.

	Value at 31 March 2017 £000	% of fund %	Potential Change +/- %	Value on increase £000	Value on decrease £000
Equities - Developed Markets	29,037	17.3	20.5	34,990	23,084
Index-Linked Gilts	128,476	76.4	10.9	142,418	114,534
Property	7,998	4.8	13.0	9,038	6,958
Cash	2,739	1.5	1.1	2,769	2,709
Total [1]	168,250	100.0	12.5	189,214	147,286
Total [2]			9.5	184,192	152,308
Total [3]			8.6	182,767	n/a

[1] No allowance for correlations between assets

[2] Including allowance for correlations between assets

[3] Including allowance for correlation between assets and liabilities.

The value on increase/decrease columns illustrate the monetary effect of the percentage change in the volatility column. The actual annual change in value is expected to be lower than this in two years out of three, but higher in one year out of three.

It can be seen that the risk to the overall Fund assets [2] is lower than the total of the risks to the individual assets [1].

Notes to the Financial Statements

11 Nature and extent of risk arising from financial instruments (cont)

However, because the purpose of a pension scheme is to make payments to scheme beneficiaries, the true risk of a pension scheme is not measured in absolute terms, but relative to its liabilities [3]. The risk is lower than the absolute asset risk, due to the impact of correlation with the discount rate used to value the liabilities.

This risk analysis incorporates volatility from market, interest rate, foreign exchange, credit, and all other sources of risk, and, importantly, makes allowance for how these risks may offset each other.

Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit risk in their pricing and consequently the risk of loss is implicitly provided for in the value of the Fund's assets and liabilities (as outlined in Market Risk above).

In essence, the Fund's entire investment portfolio is exposed to some sort of credit risk. However, through the selection of counterparties, brokers and financial institutions the Fund reduces the credit risk that may occur through the failure to settle a transaction in a timely manner.

Cash deposits are the major areas of credit exposure where credit risk is not reflected in market prices.

Cash deposits

At 31 March 2017, cash deposits represented £5.8m, 3.4% of total net assets. This was held with the following institutions:

	Moody's Credit Rating at 31 March 2017	Balances at 31 March 2016 £000	Balances at 31 March 2017 £000
Held for investment purposes			
Northern Trust Company - cash deposits	A2	11	3,602
Held for other purposes			
The City of Edinburgh Council - treasury management	See below	1,610	2,232
Total cash		1,621	5,834

The majority of Sterling cash deposits of the Fund are managed along with those of the administering authority (the City of Edinburgh Council) and other related organisations which are pooled for investment purposes as a treasury cash fund. Management of the cash fund is on a low risk basis, with security of the investments the key consideration. The Council has in place counterparty criteria.

The Council has in place institutional restrictions on investments and counterparty criteria. These include -

- (a) UK Government and other UK local Authorities with no limit, other public bodies up to £20 million per organisation.
- (b) Money market funds (MMFs) no more than £30 million or 15% with any one Fund.
- (c) Financial Institutions: Banks and Building Societies with multiple criteria based on a range of short and long term credit ratings, as well as any security provided, from maximum of £60 million / 20% of assets under management (AUM) for institutions with the highest criteria to £10 million / 5% of AUM for institutions with the lowest acceptable criteria.

Notes to the Financial Statements

11 Nature and extent of risk arising from financial instruments (cont)

	Moody's Credit Rating at 31 March 2017	Balances at 31 March 2016 £000	Balances at 31 March 2017 £000
Money market funds			
Deutsche Bank AG, London	Aaa-mf	215	12
Goldman Sachs	Aaa-mf	2	-
Bank call accounts			
Bank of Scotland	A1	105	223
Royal Bank of Scotland	A3	17	3
Santander UK	Aa3	-	1
Barclays Bank	A1	109	-
Svenska Handelsbanken	Aa2	111	-
UK Pseudo-Sovereign risk instruments			
Other Local Authorities [1]	Aa1	730	1,993
UK Government Treasury Bills	Aa1	321	-
		1,610	2,232

[1] Very few Local Authorities have their own credit rating but they are generally assumed to have a pseudo-sovereign credit rating (which in the UK at 31 March 2017 was 'Aa1').

No breaches of the Council's counterparty criteria occurred during the reporting period and the Fund does not expect any losses from non-performance by any of its counterparties in relation to deposits.

Refinancing risk

Refinancing risk is the risk that the Fund will be bound to replenish a significant proportion of its pension fund financial instruments at a time of unfavourable interest rates. The Fund is not bound by any obligation to replenish its investments and hence is not exposed to refinancing risk.

Liquidity risk

Liquidity risk reflects the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund therefore ensures that there is adequate cash and liquid resources to meet its commitments. Cash flow projections are prepared on a regular basis to understand and manage the timing of the Fund's cash flows.

All of the Fund's investments could be converted to cash within three months in a normal trading environment.

12 Actuarial statement

The Scheme Actuary has provided a statement describing the funding arrangements of the Fund. This can be found at the end of this section.

13 Actuarial present value of promised retirement benefits

The actuarial value of promised retirement benefits at the accounting date, calculated in line with International Accounting Standard 19 (IAS19) assumptions, is estimated to be £145m (2016 £130m). This figure is used for statutory accounting purposes by Scottish Homes Pension Fund and complies with the requirements of IAS26. The assumptions underlying the figure match those adopted for the Administering Authority's FRS17/IAS19 reports at each year end.

Notes to the Financial Statements

13 Actuarial present value of promised retirement benefits (cont)

The figure is only prepared for the purposes of IAS26 and has no validity in other circumstances. In particular, it is not relevant for calculations undertaken for funding purposes and setting contributions payable to the Fund.

	31 March 2016 % p.a.	31 March 2017 % p.a.
Inflation/pensions increase rate	2.2%	2.4%
Discount rate	3.5%	2.6%

Longevity assumptions

The life expectancy assumption is based on Fund specific statistical analysis with improvements in line with the CMI 2012 model, assuming that the current rate of improvements has reached a peak and will converge to a long term rate of 1.25% p.a.. Based on these assumptions, the average future life expectancies, in years, at age 65 are summarised below:

	31 March 2016		31 March 2017	
	Males	Females	Males	Females
Current pensioners	24.5 years	25.4 years	24.5 years	25.4 years
Future pensioners (assumed to be currently 45)	26.8 years	28.6 years	26.8 years	28.6 years

Commutation assumption

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2009 service and 75% of the maximum tax-free cash for post-April 2009 service.

14 Debtors

	31 March 2016 £000	31 March 2017 £000
Sundry debtors	22	31
	22	31

Analysis of debtors

	31 March 2016 £000	31 March 2017 £000
Administering Authority	1	1
Other entities and individuals	21	30
	22	31

15 Creditors

	31 March 2016 £000	31 March 2017 £000
Benefits payable	8	-
Miscellaneous creditors and accrued expenses	42	15
	50	15

Analysis of creditors

	31 March 2016 £000	31 March 2017 £000
Other entities and individuals	50	15
	50	15

Notes to the Financial Statements

16 Related party transactions

The City of Edinburgh Council

The Lothian Pension Fund, the Lothian Buses Pension Fund and the Scottish Homes Pension Fund are administered by the City of Edinburgh Council. Consequently there is a strong relationship between the Council and the Pension Funds.

The Investment and Pensions Division of the Council is responsible for administering the three Pension Funds. The Division receives an allocation of the overheads of the Council, based on the amount of central services consumed. In turn, the Division allocates its costs to the three Pension Funds. Costs directly attributable to a specific Fund are charged to the relevant Fund; costs that are common to all three Funds are allocated on a defined basis.

Transactions between the Council and the Fund are managed via a holding account. Each month the Fund pays a cash sum to the Council leaving a working balance in the account.

	31 March 2016 £000	31 March 2017 £000
Year end balance of holding account	95	146
	95	146

Part of the Fund's cash holdings are invested on the money markets by the treasury management operations of the Council, through a service level agreement. During the year to 31 March 2017, the fund had an average investment balance of £2.1m (2016 £2.2m). Interest earned was £8k (2016 £10.5k).

	31 March 2016 £000	31 March 2017 £000
Year end balance on treasury management account		
Held for investment purposes	-	-
Held for other purposes	1,610	2,232
	1,610	2,232

Scheme Guarantor

As the scheme guarantor (by definition) a related party to the scheme. The Scottish Government's contributions to the Fund can be found in note 3 (page 96) of the notes to the Financial Statements.

Governance

As at 31 March 2017, all members of the Pensions Committee, with the exception of Councillor Bill Cook and Richard Lamont, and all members of the Pensions Board, were members of the Lothian Pension Fund or Lothian Buses Pension Fund, with one member of the Pensions Board in receipt of pension benefits from Lothian Pension Fund.

Each member of the Pensions Committee and Pensions Board is required to declare any financial and non-financial interests they have in the items of business for consideration at each meeting, identifying the relevant agenda item and the nature of their interest.

With effect from 1 May 2015, all the employees listed below, with the exception of the Executive Director of Resources, were employed by LPFE Limited. These employees and their financial relationship with the Fund (expressed as cash-equivalent transfer values or CETV) are set out below:

Notes to the Financial Statements

16 Related party transactions (cont)

Name	Position held	Accrued CETV as at 31 March 2016	Accrued CETV as at 31 March 2017
		£000	£000
Hugh Dunn*	Acting Executive Director of Resources	755	1,251
Clare Scott*	Chief Executive, Lothian Pension Fund	175	221
Bruce Miller	Chief Investment Officer, Lothian Pension Fund	185	267
Struan Fairbairn	Chief Risk Officer, Lothian Pension Fund	30	46
John Burns	Chief Finance Officer, Lothian Pension Fund	474	538
Esmond Hamilton	Financial Controller	161	200

* Also disclosed in the financial statements of the City of Edinburgh Council.

Total compensation paid in relation to key management personnel employed by LPFE Limited during the period was as follows:

	31 March 2016	31 March 2017
	£000	£000
Short-term employee benefits	318	380
Post-employment benefits - employer pension contributions	65	78

Key management personnel had accrued pensions totalling £81,825 (1 April 2016: £68,004) and lump sums totalling £100,185 (1 April 2016: £68,004) at the end of the period.

Staff are either employed by City of Edinburgh Council or LPFE Limited, and their costs reimbursed by the Pension Funds. The Councillors, who are members of the Pensions Committee are also remunerated by City of Edinburgh Council.

17 Contingent assets/liabilities and contractual commitments

There were no contingent liabilities or contractual commitments at the year end.

18 Impairment losses

No impairment losses have been identified during the year.

Scottish Homes Pension Fund

Actuarial Statement for 2016/17

This statement has been prepared in accordance with Regulation 55(1)(d) of the Local Government Pension Scheme (Scotland) Regulations 2014. It has been prepared at the request of the Administering Authority of the Fund for the purpose of complying with the aforementioned regulation.

Description of Funding Policy

The administering authority's Funding Strategy Statement, dated 16 November 2015, states that a bespoke funding strategy has been adopted for the Fund.

The strategy aims for the Fund to be 100% solvent by 2044 using a discount rate based on government bonds. It includes target funding levels at each actuarial valuation. Contributions from the Scottish Government are determined by reference to the target funding levels. The deficit recovery period is 8 years.

The Funding strategy is designed to reduce investment risk as the Fund is closed to new members and the liabilities will mature over the time, with a reducing allocation to equities over time reflecting the requirements of the Scottish Government to lock away any surpluses that may occur over time by accelerating the transfer into bonds.

Funding Position as at the last formal funding valuation

The most recent actuarial valuation carried out under Regulation 32 of the Local Government Pension Scheme (Scotland) (Administration) Regulations 2008 was as at 31 March 2014. This valuation revealed that the Fund's assets, which at 31 March 2014 were valued at £136 million, were sufficient to meet 89% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting deficit at the 2014 valuation was £17 million.

The Guarantor's contributions for the period 1 April 2015 to 31 March 2018 were set in accordance with the Fund's funding policy as set out in its Financial Strategy Statement.

Principal Actuarial Assumptions and Method used to value the liabilities

Full details of the methods and assumptions used are described in the valuation report dated 4 December 2014.

Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date.

Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund's assets at their market value.

The key financial assumptions adopted for the 2014 valuation were as follows:

Assumption	Description
Price Inflation (CPI) (deferreds and pensioners)	Bank of England implied (RPI) curve less 0.8% p.a.
Discount rate (deferreds and pensioners)	Bank of England nominal yield curve

Scottish Homes Pension Fund

Actuarial Statement for 2016/17

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI_2012 model, assuming the current rate of improvements has reached a peak and will converge to long term rate of 1.25% p.a.. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	24.5 years	25.4 years
Future Pensioners *	26.8 years	28.6 years

*Future pensioners are assumed to be aged 45 at the 2014 valuation

Copies of the 2014 valuation report and Funding Strategy Statement are available on request from The City of Edinburgh Council, the Administering Authority to the Fund.

Experience over the period since April 2014

The administering authority monitors the funding position on a regular basis as part of its risk management programme. The funding level at 31 March 2017 is estimated to be 96%, an increase of 7% since the formal funding valuation at 31 March 2014.

The next actuarial valuation will be carried out as at 31 March 2017 with the results signed off within 12 months. The Funding Strategy Statement will also be reviewed at that time.

Richard Warden FFA
Fellow of the Institute and Faculty of Actuaries
For and on behalf of Hymans Robertson LLP
20 Waterloo Street
Glasgow
G2 6DB

28 April 2017

Statement of Accounting Policies and General Notes

1 Basis of preparation

The Financial Statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The Financial Statements summarise the transactions of the Funds for the 2016/17 financial year and report on the net assets available to pay pension benefits as at 31 March 2017. The Financial Statements do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present values of promised retirement benefits, valued on an International Accounting Standard (IAS) 19 basis, are disclosed in the Notes to the Financial Statements.

2 Summary of significant accounting policies

General

a) Basis of consolidation

Commencing with the year ended 31 March 2016, Consolidated Financial Statements have been prepared for Lothian Pension Fund. The Financial Statements of Lothian Buses Pension Fund and Scottish Homes Pension Fund continue to be prepared on a single entity basis.

The Consolidated Financial Statements for Lothian Pension Fund are prepared by combining the Financial Statements of the Fund (the parent entity) and its controlled entities (LPFE Limited and LPFI Limited) as defined in accounting standard IAS27 - Consolidated and Separate Financial Statements. Consistent accounting policies are employed in the preparation and presentation of the Consolidated Financial Statements. All inter-entity balances and transactions between entities, including any unrealised profits or losses, have been eliminated on consolidation.

As LPFE Limited commenced trading on 1 May 2015, the prior year comparative figures consist only of the results of Lothian Pension Fund. Further details of the consolidation are provided in the Notes to the Financial Statements of Lothian Pension Fund.

LPFE Limited and LPFI Limited are wholly owned by the City of Edinburgh Council in its capacity as administering authority for the Local Government Pension Scheme in the Lothian area. The purpose of LPFE Limited is to provide staff services in respect of investment and general management of the Funds. LPFI Limited's purpose is to provide FCA regulated services to the Funds and other Local Government Pension Scheme funds in Scotland and Northern Ireland. It is considered appropriate to consolidate the Financial Statements of the two companies with those of Lothian Pension Fund.

Fund account - revenue recognition

b) Contribution income

Normal contributions, both from the members and from employers, are accounted for on an accruals basis at the rate certified by the Scheme Actuary in the payroll period to which they relate.

Similarly, employer deficit funding contributions are accounted for on the due date on which they are payable as certified by the Scheme Actuary.

Employers' pensions strain contributions are accounted for in the period in which the liability arises. Any amount due but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

c) Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Funds during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations.

Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis and are included in transfers in.

Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

d) Investment income

i) Interest income

Interest income is recognised in the Funds accounts as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination. Income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.

ii) Dividend income

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current financial asset.

iii) Distributions from pooled funds

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current financial asset.

iv) Income from unquoted private equity and infrastructure investments

Income from the above sources is recognised when it is notified by the manager. Distributions are split into capital and income elements with the latter being included under investment income in the Fund Account.

v) Property related income

Property-related income consists primarily of rental income. Rental income from operating leases on properties owned by Lothian Pension Fund is recognised on a straight-line basis over the term of the lease. Any lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Rental income is reported gross with the operational costs of the properties included in investment management expenses.

Contingent rents based on the future amount of a factor that changes other than with the passage of time, such as turnover rents, are only recognised when contractually due.

vi) Movement in the net market value of investments

Changes in the net market value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

Fund Account - expense items

e) Benefits payable

Pensions and lump sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the Net Assets Statement as current liabilities.

f) Taxation

i) Pension Funds

The Local Government Pension Scheme is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

ii) Controlled entities - LPFE Limited and LPFI Limited

The Companies are mutual traders and are therefore not liable to corporation tax on any surpluses generated from services provided in respect of the Funds. The tax charges for the period are based on any profit for the period from non-mutual trade, adjusted for any non-assessable or disallowed items. They are calculated using tax rates that have been enacted or are substantively enacted by the period end date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. No deferred tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets are recognised to the extent that it is probable that future profits will be available against which deductible temporary differences can be utilised.

The amount of benefit brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

g) Administrative expenses

All administrative expenses are accounted for on an accruals basis. The Investment and Pensions Division of the Council is responsible for administering the three Funds. The Division's costs include charges from LPFE Limited and LPFI Limited for services rendered. The Division receives an allocation of the overheads of the Council, this is based on the amount of central services consumed. In turn, the Division allocates its costs to the three Funds.

Costs directly attributable to a specific fund are charged to the relevant Fund. Investment management costs that are common to all three Funds are allocated in proportion to the value of the Funds as at the end of the year. Other administration costs are allocated in proportion to the number of members in each of the Funds at the end of the year.

h) Investment management expenses

All investment management expenses are accounted for on an accruals basis.

Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change. For some investment managers, an element of their fee is performance related. The amount of any performance related fees paid is disclosed in the note to the accounts on investment management expenses provided for each Fund.

The cost of administering the Local Government Pension Scheme in the UK has come under increasing scrutiny in recent years. As a result, it has been decided to recognise investment management costs that are deducted from the value of an investment and recognised this as a cost in the Fund Account rather than as a reduction in the change in market value of investments. Investment transaction costs that are added to an investment purchase price or deducted from the proceeds of a sale are also recognised as a cost in the Fund Account rather than as a reduction in the change in market value of investments.

h) Investment management expenses (cont'd)

In June 2016, CIPFA revised and updated its guidance "Accounting for Local Government Pension Scheme Management Costs". Whilst the underlying principle of transparency of investment costs remains unchanged, there has been a degree of relaxation to full cost disclosure. Specifically, for complex "fund of funds" structures, the new guidance states that "Investment costs incurred by a separate legal entity, or in respect of investment decisions over which the pension fund has no control, should not be included in the (Pension) Fund Account.....If pension funds wish to provide information about the total cost of "fund of fund" investments, this should be included as part of the Investments section in the Annual Report". The impact of this is that investment management costs deducted from any underlying fund in a "fund of funds" investment would not be included in the costs disclosed in the Fund Account. As this would significantly under-report investment management costs the decision has been made not to adopt this element of the CIPFA guidance. However, this type of cost is separately identified as "external management fees - deducted from capital (indirect)" in the notes on investment management expenses.

Any indirect costs incurred through the bid-offer spread on some pooled investment vehicles are not treated as an expense. Such costs are accounted for as part of the acquisition costs or sale proceeds.

The cost of obtaining investment advice from external consultants is included in investment management charges.

The costs of the in-house investment management team are charged to the Funds. The basis of allocation is as described in section g.

Securities lending revenue is reported gross and their fees are disclosed in investment management expenses.

i) Operating lease

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the term of the lease. In accordance with SIC 15, lease incentives are recognised as a reduction in the lease expense over the term of the lease on a straight-line basis.

Net Assets Statement

j) Financial assets

Financial assets are included in the Net Assets Statement on a fair value basis as at the reporting date. A financial asset is recognised in the Net Assets Statement on the date the fund becomes party to the contractual acquisition of the asset. From this date, any gains or losses arising from changes in the fair value of asset are recognised by the fund.

The values of investments as shown in the Net Assets Statement have been determined at fair value in accordance with the requirements of the Code and IFRS13. For the purposes of disclosing levels of fair value hierarchy, the Funds has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

The basis of the valuation of each class of investment assets is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivity affecting the valuations provided
Market quoted investments - Equities	Level 1	Closing bid value on published exchanges	Not required	Not required
Exchange traded pooled investments	Level 1	Closing bid value on published exchanges	Not required	Not required
Future derivative contracts	Level 1	Determined using exchange prices at the reporting date. Amounts due from or owed to the broker are the amounts outstanding in respect of the initial margin and variation margin.	Not required	Not required

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivity affecting the valuations provided
Forward foreign exchange derivatives	Level 1	Based on market forward exchange rates at the year-end date and determined as the gain or loss that would arise if the outstanding contract were matched at the year-end with an equal and opposite contract.	Not required	Not required
Government bonds - fixed interest / index linked gilts	Level 2	Recorded at net market value based on their current yields.	Evaluated price feeds	Not required
Unquoted Pooled investments - unitised	Level 2	Closing bid price where bid offer prices are published. Closing single price where single price published.	NAV-based pricing set on a forward pricing basis	Not required
Freehold and leasehold properties	Level 3	Valued at fair value at the year-end using the investment method of valuation by John Finley FRICS of independent valuers, Carrott-Jones LLP in accordance with RICS Valuation Standards (9th Edition)	Existing lease terms and rentals. Independent market research. Nature of tenancies. Covenant strength for existing tenants. Assumed vacancy levels. Estimated rental growth. Discount rate.	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations as could more general changes to market price
Unquoted Pooled investments – Private Equity, Infrastructure, Timber, Private Secured Loans & Property	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Guidelines (2012)	EBITDA multiple Revenue multiple. Discount for lack of marketability. Control premium.	Valuations could be affected by material events occurring between the date of the financial statements provided and the Funds' own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts.

Sensitivity of assets valued at level 3

Having analysed historical data and current market trends, and consulted with independent investment advisers, the Funds have determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2017.

Lothian Pension Fund	Assessed Valuation range (+ or -)	Value at 31 March 2017	Value on increase	Value on decrease
Unquoted		£m	£m	£m
Private Equity	30%	129.3	168.1	90.5
Infrastructure	18%	663.2	782.4	543.8
Timber	18%	132.5	156.4	108.2
Private Secured Loans	8%	89.2	96.3	82.1
Property	13%	389.7	440.4	339.0
		1,403.9	1,643.6	1,163.6

Lothian Buses Pension Fund	Assessed Valuation range (+ or -)	Value at 31 March 2017	Value on increase	Value on decrease
Unquoted		£m	£m	£m
Infrastructure	18%	39.2	46.3	32.1
Timber	18%	8.4	9.9	6.9
Private Secured Loans	8%	6.7	7.2	6.2
		54.3	63.4	45.2

Scottish Homes Pension Fund has no assets valued at Level 3.

k) Foreign currency transactions and balances

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of the transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

l) Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

m) Financial liabilities

The Funds recognise financial liabilities at fair value as at the reporting date. A financial liability is recognised in the Net Assets Statement on the date the Funds becomes party to the liability. From this date, any gains or losses arising from changes in the fair value of the liability are recognised.

n) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits of each of the Funds is assessed on an annual basis by the Scheme Actuary in accordance with the requirements of IAS 19 and relevant actuarial standards.

As permitted under IAS26, the Funds have opted to disclose the actuarial present value of promised retirement benefits by way of a note to the Net Assets Statements.

o) Additional voluntary contributions

The Lothian Pension Fund and Lothian Buses Pension Fund provide an additional voluntary contributions (AVC) scheme for their members, the assets of which are invested separately from those of the Funds. The Funds have appointed Standard Life and Prudential as their AVC providers. AVCs are paid to the AVC providers by employers and are specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year.

In accordance with regulation 5(2)(b) of the Local Government Pension Scheme (Management and Investment of Funds) (Scotland) Regulations 1998, AVCs are not included in pension fund financial statements. Details of contributions paid and the total value of funds invested are disclosed by way of note.

p) Contingent assets and contingent liabilities

A contingent liability arises where an event has taken place prior to the year-end giving rise to a possible financial obligation whose existence will only be confirmed or otherwise by the occurrence of future events. Contingent liabilities can also arise in circumstances where a provision would be made, except that it is not possible at the balance sheet date to measure the value of the financial obligation reliably.

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by the occurrence of future events.

Contingent assets and liabilities are not recognised in the Net Assets Statement but are disclosed by way of narrative in the notes.

q) Employee benefits

i) Investment and Pensions service division

Staff working on the administration of the Funds that are employed by the City of Edinburgh Council are eligible to join Lothian Pension Fund. As these people are employees of the Council, it's the Council that accounts for the benefits of the defined benefits scheme under IAS19. The Council recharges employment costs to the Funds, including employer contributions to Lothian Pension Fund.

ii) Controlled entity - LPFE Limited

The employees of LPFE Limited are eligible to participate in Lothian Pension Fund.

In the Consolidated Financial Statements the current service cost for the period is charged to the Fund Account. The assets of Lothian Pension Fund are held separately from those of the Company. The Company has fully adopted the accounting principles as required by IAS19 – Employee Benefits.

The liability recognised in the Net Asset Statement in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by the Scheme Actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in a currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligations.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the Fund Account in the period in which they arise.

Past-service costs are recognised immediately in the Fund Account, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

3 Accounting Standards that have been issued but not yet adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2017/18 Code:

- IAS 12, Income Taxes
- IAS 39, Financial Instruments: Recognition and Measurement
- IFRS 7, Financial Instruments: Disclosures
- IFRS 9, Financial Instruments
- IFRS 15, Revenue from Contracts with Customers
- IFRS 16, Leases

The amendments are generally minor or principally providing clarification. Overall, these new or amended standards are not expected to have a significant impact on the financial statements.

4 Critical judgements in applying accounting policies

Unquoted private equity and infrastructure investments

It is important to recognise the highly subjective nature of determining the fair value of private equity and infrastructure investments. They are inherently based on forward-looking estimates and judgements involving many factors. These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines or similar guidelines provided by the British Venture Capital Association, which follow the valuation principles of IFRS.

For the Lothian Pension Fund, the value of unquoted private equity, infrastructure, timber and secured loan investments at 31 March 2017 was £1,014.2m (2016 £716.2m).

For the Lothian Buses Pension Fund, the value of unquoted private equity, infrastructure and timber investments at 31 March 2017 was £54.3m (2016 £26.0m).

Actuarial present value of promised retirement benefits

Each Fund is required to disclose the estimated actuarial present value of promised retirement benefits as at the end of the financial year. These estimates are prepared by the Funds' Actuary. These values are calculated in line with International Accounting Standard 19 (IAS19) assumptions and comply with the requirements of IAS26. However, the results are subject to significant variances based on changes to the underlying assumptions.

The figures are only prepared for the purposes of IAS26 and has no validity in other circumstances. In particular, it is not relevant for calculations undertaken for funding purposes and setting contributions payable to the Funds.

5 Assumptions made about the future and other major sources of estimation uncertainty

The Financial Statements contain estimated figures that are based on assumptions made by the Council; private equity and infrastructure managers; other providers of valuation information; and the Scheme Actuary about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because amounts cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Net Assets Statement at 31 March 2017 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

a) Actuarial present value of promised retirement benefits

Uncertainties

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on the Funds' assets. The Funds' Actuary advises on the assumptions to be applied and prepares the estimates.

Effect if actual results differ from assumptions - Lothian Pension Fund

The effects on the net pension liability of changes in individual assumptions can be illustrated as follows:

Change in assumptions - year ended 31 March 2017	Approx % increase in liabilities %	Approx monetary amount £m
0.5% decrease in discount rate	11	913
1 year increase in member life expectancy	4	320
0.5% increase in salary increase rate	4	320
0.5% increase in pensions increase rate	7	565

Effect if actual results differ from assumptions - Lothian Buses Pension Fund

The effects on the net pension liability of changes in individual assumptions can be illustrated as follows:

Change in assumptions - year ended 31 March 2017	Approx % increase in liabilities %	Approx monetary amount £m
0.5% decrease in discount rate	11	54
1 year increase in member life expectancy	4	18
0.5% increase in salary increase rate	4	18
0.5% increase in pensions increase rate	7	34

Effect if actual results differ from assumptions - Scottish Homes Pension Fund

The effects on the net pension liability of changes in individual assumptions can be illustrated as follows:

Change in assumptions - year ended 31 March 2017	Approx % increase in liabilities %	Approx monetary amount £m
0.5% decrease in discount rate	6	9
1 year increase in member life expectancy	4	6
0.5% increase in pensions increase rate	6	9

b) Valuation of unquoted private equity and infrastructure investments

Uncertainties

These investments are not publicly listed and therefore there is a degree of estimation involved in their valuation, see 2j above for more details on the valuation methodology.

Effect if actual results differ from assumptions

There is a risk that these investments may be under or overstated in the accounts at any point in time. The actual financial return of this type of investment is only known with certainty when they reach the end of their lifecycles and the final distributions are made to investors. A sensitivity analysis can be found in note 2j above.

c) Quantifying the cost of investment fees deducted from capital

Uncertainties

Section 2 h) describes the accounting policy for investment management expenses in relation to expenses deducted from the capital value of investments. Quantification of these costs involves asking the relevant managers for information and only some of this information can be independently verified. In cases where the charges relate to an investment as a whole, an estimate needs to be made of the costs applicable to the holding owned by the relevant Fund.

Effect if actual results differ from assumptions

There is a risk that the cost of investment fees deducted from capital may be under or overstated. However, as the costs are included in the Fund Account by adjusting the change in market value of investments, any inaccuracy in the cost estimate will not change the reported net change in the Fund for the year.

Statement of responsibilities for the Statement of Accounts

The responsibilities of the Administering Authority

The Administering Authority's responsibilities require it to:

- Make arrangements for the proper administration of the financial affairs of the Funds in its charge and to secure that one of its officers has the responsibility for the administration of those affairs. The Acting Executive Director of Resources serves as the Section 95 Officer for all the Council's accounting arrangements, including those of Lothian Pension Fund, Lothian Buses Pension Fund and Scottish Homes Pension Fund. For the Funds, this Section 95 responsibility has been delegated to the Chief Finance Officer, Lothian Pension Fund.
- Manage its affairs to secure economic, efficient and effective use of its resources and safeguard its assets.
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003)
- Approve the Annual Accounts for signature.

HUGH DUNN

Acting Director of Resources of the City of Edinburgh Council

28 June 2017

The responsibilities of the Chief Finance Officer, Lothian Pension Fund

The Chief Finance Officer, Lothian Pension Fund, is responsible for the preparation of the Funds' Financial Statements which, in terms of the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code of Practice), is required to present a true and fair view of the financial position of the Funds at the accounting date and their income and expenditure for the year (ended 31 March 2017).

In preparing this statement of accounts, the Chief Finance Officer, Lothian Pension Fund, has:

- Selected suitable accounting policies and then applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Complied with the Code of Practice.

The Chief Finance Officer, Lothian Pension Fund, has also:

- Kept proper accounting records which were up to date
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Statement of Accounts presents a true and fair view of the financial position of the Funds as at 31 March 2017, and their income and expenditure for the year ended 31 March 2017.

JOHN BURNS, FCMA CGMA

Chief Finance Officer, Lothian Pension Fund

28 June 2017

Annual Governance Statement

Roles and responsibilities

The City of Edinburgh Council (the “Council”) has statutory responsibility for the administration of the Local Government Pension Scheme (LGPS) in the Lothian area of Scotland. This responsibility is for three separate Funds: Lothian Pension Fund, Lothian Buses Pension Fund and Scottish Homes Pension Fund (the “Funds”).

The main functions of the Administering Authority are administration of scheme benefits and the investment of the assets of the Funds. These functions are conducted in accordance with the Local Government Pension Scheme (Scotland) Regulations which are statutory instruments made under the Superannuation Act 1972.

The role of Administering Authority is carried out via:

- The Pensions Committee and the Pensions Audit Sub-Committee
- The Pension Board
- The Investment and Pensions Division of the Resources Directorate of the Council
- Investment Strategy Panel
- LPFE Limited and LPFI Limited, wholly owned subsidiaries of the Council in its capacity as Administering Authority of Lothian Pension Fund.

Further details on the above arrangements can be found in the Governance section of the Management Commentary towards the front of this document.

Scope of responsibility

As the Administering Authority of the Funds, the City of Edinburgh Council is responsible for ensuring that its business, including that of the Funds, is conducted in accordance with the law and appropriate standards, and that monies are safeguarded, properly accounted for, and used economically, efficiently and effectively. The Council also has a statutory duty under the Local Government in Scotland Act 2003, to make arrangements to secure best value, which is defined as continuous improvement in the way its functions are carried out.

In discharging these overall responsibilities, elected members and senior officers are responsible for implementing effective arrangements for governing the Council’s affairs, and facilitating the effective exercise of its functions, including arrangements for the management of risk. The Pensions Committee has delegated responsibility for additional arrangements specific to the Funds.

To this end, the Council has adopted a Local Code of Corporate Governance that is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) framework ‘Delivering Good Governance in Local Government’. This statement explains how the City of Edinburgh Council delivers good governance and reviews the effectiveness of those arrangements.

This statement explains how the Council has complied with the Local Code of Corporate Governance and how it meets the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.

The governance framework

The Funds operate within the wider governance framework of the Council to which is added arrangements specific to the Funds themselves. The governance framework comprises the systems, processes, cultures and values by which the Funds are directed and controlled. It also describes the way the Funds engage with and accounts to its stakeholders. It enables the Funds to monitor the achievement of their objectives and consider whether those objectives have led to the delivery of appropriate, cost-effective services. The framework also applies to any subsidiary companies including LPFE Limited and LPFI Limited which are members of the Council’s Group.

The Council's Local Code of Corporate Governance is supported by evidence of compliance which is regularly reviewed and considered by the Governance, Risk & Best Value Committee. The rest of the Group observes the principles of the code.

The Council has implemented arrangements for monitoring each element of the framework and providing evidence of compliance. The Council's Governance and Democratic Services Manager reviewed the arrangements and is satisfied that the Code continues to be adequate and effective. Internal Audit has also reviewed the annual assurance questionnaire process in relation to Arms-Length Companies and has found that this provides the Chief Executive with a level of assurance on the adequacy of the governance arrangements. The Council's Corporate governance framework meets the principles of effective governance.

The Funds place reliance upon the internal financial controls within the Council's financial systems and the monitoring in place to ensure the effectiveness of these controls. The relevant key elements of the Council's corporate governance framework, with specific additional reference as appropriate to the arrangements for the Funds, are set out below:

Elements of the governance framework specific to the Funds include:

- Identifying the objectives of the Funds in the Funding Strategy Statement, Statement of Investment Principles and Service Plan.
- With effect from April 2015 the Pensions Regulator is responsible for setting standards of governance and administration for the Local Government Pension Scheme. The Funds have taken steps to fully integrate compliance with these standards within the overall governance framework operated by the Funds.
- A systematic approach to monitoring service performance by the Pensions Committee, Pensions Audit Sub-Committee, senior officers and stakeholders, including the Pension Board and Independent Professional Observer.
- A structured programme to ensure that Pensions Committee members have the required standard of knowledge and understanding of Local Government Pension Scheme matters.
- Operating within clearly established investment guidelines defined by the Local Government Pension Scheme Investment Regulations and the Funds' Statement of Investment Principles.
- Compliance with the CIPFA Principles for Investment Decision Making and Disclosure in the Local Government Pension Scheme.
- With the exception of managed funds, unlisted investments and property, all investments are held under custody by a global custodian. The Funds benefit from the custodian's extensive internal control framework.
- Benchmarking of services in terms of standards and cost against other pension funds.
- LPFE Limited and LPFI Limited operating within their respective constitutional documentation and the relevant companies regulations.
- LPFI Limited operating within the relevant governance policies and procedures to ensure compliance with the Financial Conduct Authority regulations.

Elements of the governance framework of the Council that are relevant to the Funds include:

- The Council's key corporate vision and priorities are set out and published in the City of Edinburgh Council Business Plan 2016-2020.
- A performance management framework, incorporating internal and public performance reporting, which focuses on continuous improvement of our services, applying reliable improvement methods to ensure that services are consistently well designed based on the best evidence are a delivered on a right first time basis.
- The Council is embedding a culture of commercial excellence to ensure that our services always deliver Best Value. Focused work is underway to further improve standards in buying practices and processes across the Council.

Elements of the governance framework of the Council that are relevant to the Funds include (cont'd):

- The submission of reports, findings and recommendations from the external auditor, other inspectorates and internal audit, to the Corporate Leadership Group, Governance, Risk and Best Value Committee and Council, and to the Pensions Committee and Pensions Audit Sub-Committee for all matters affecting the Funds, where appropriate, supports effective scrutiny and service improvement activities.
- The roles and responsibilities of Elected Members and Officers are defined in Procedural Standing Orders, Committee Terms of Reference and Delegated Functions, Contract Standing Orders, Scheme of Delegation to Officers, the Member/officer protocol and Financial Regulations. These are subject to annual review.
- The Chief Executive has overall responsibility to Council, for all aspects of operational management and overall responsibility for ensuring the continued development and improvement of systems and processes concerned with ensuring appropriate direction, accountability and control.
- The Section 95 Officer has overall responsibility for ensuring appropriate advice is given to the Council and Group on all financial matters, keeping proper financial records of accounts and maintaining an effective system of internal financial control. For the Funds, the Section 95 officer responsibility has sub-delegated to the Chief Finance Officer, Lothian Pension Fund.
- The Chief Internal Auditor has overall responsibility to review, appraise and report to management and the Governance, Risk and Best Value Committee, and for Fund matters to the Pensions Committee and Pensions Audit Sub-Committee, on the adequacy of the Council's internal control and corporate governance arrangements and on risks relating to approved policies, programmes and projects.
- The Council's Governance and Democratic Services Manager, reporting to the Head of Strategy and Insight, has responsibility for advising the Council on corporate governance arrangements.
- The Governance, Risk and Best Value Committee, and for Fund matters, the Pensions Committee and Pensions Audit Sub-Committee, provides the Council with independent assurance of the adequacy of the governance and risk management frameworks and internal control environment. Also providing independent scrutiny of financial and non-financial performance, approving and monitoring the progress of the Internal Audit risk based plan, and monitoring performance of the internal audit service.
- The risk management policy and framework set out the responsibilities of elected members, Governance, Risk and Best Value Committee, and for pension fund matters, the Pensions Committee and Pensions Audit Sub-Committee, management and staff for the identification and management of risks to corporate and service related priorities;
- The Service Area Risk Register, Resources Senior Management Team Risk Register and Council Risk Register all identify risks and proposed treatment and actions. These registers are regularly reviewed, updated and reported to the Corporate Leadership Group, which reviews Council-wide risk and reports to the Governance, Risk and Best Value Committee for scrutiny and challenge. For fund matters, the Pensions Committee and Pensions Audit Sub-Committee are responsible for scrutiny and challenge.
- Resilience and business continuity plans are in place for all essential Council services. These set out arrangements for continuing to deliver essential services in the event of an emergency or other disruption.
- Senior management and Heads of Service have formal objectives, with performance reviewed by the appropriate chief officer. Officers have personal work objectives, and receive feedback on their performance through the Council-wide performance review and development process.
- An Elected Members remuneration and expenses scheme is in place and is consistent with the Scottish Government's 'Councillors Remuneration: allowances and expenses – Guidance'. Information on the amounts and composition of elected members salaries, allowances and expenses is published on the Council's website.
- The Council's Governance and Democratic Services Manager ensures that induction training on roles and responsibilities, and ongoing development opportunities, are provided for Elected Members. For the Pension Funds, a policy on Committee and Board member training has been adopted.

Elements of the governance framework of the Council that are relevant to the Pension Funds include (cont'd):

- Mandatory training for councillors newly appointed to the Pensions Committee is programmed within the Induction and Training programme for Elected Members following the 2017 Local Government Election. This focuses on Governance, Investment management and strategy and how the Pension Scheme works. Committee members will also be reminded of the requirement to undertake a minimum of 21 hours of training per financial year to fulfil their role on the Pension Committee.
- Codes of Conduct, that set out the standards of behaviour expected from Elected Members and officers, are in place.
- The Employee Code of Conduct, Anti Bribery Policy and Policy on Fraud Prevention set out the responsibilities of officers and Elected Members in relation to fraud and corruption, and are reinforced by the Councillors' Code of Conduct, the Code of Ethical Standards and the Financial Regulations.
- The Whistleblowing policy provides a process for disclosure in the public interest about the Council and its activities by officers, Elected Members and others.
- A Register of Members' Interests and Registers of Officers' interests are maintained and available for public inspection.
- The directors of LPFE Limited and LPFI Limited have obligations to report to the Council/Pensions Committee being the sole shareholder. In addition, the Board and staff of LPFI Limited are each individually regulated by the Financial Conduct Authority and so bound by the associated Principles and Standards of governance best practice.

A significant element of the governance framework is the system of internal controls, which is based on an ongoing process to identify and prioritise risks to the achievement of the Council's objectives, including those relevant to the Pension Funds. Following the establishment of the wholly-owned subsidiary companies, LPFE Limited and LPFI Limited, the Council continues to have appropriate assurance processes and procedures in relation to the responsible officers involved in the administration of the Funds.

Review of Effectiveness

The Local Code of Governance details the Council's arrangements for monitoring each element of the framework and providing evidence of compliance. The Council's Governance and Democratic Services Manager has reviewed the effectiveness of the Code.

The Chief Internal Auditor has also provided an assurance statement on the effectiveness of the system of internal control. The opinion in the assurance statement states: "Internal Audit have not identified any fundamental weaknesses in the framework of governance, risk management and control at the Funds. We consider the Funds' framework to be operating at the higher end of the 'generally adequate but with enhancements required' category."

In compliance with standard accounting practice, the Acting Executive Director of Resources has provided the Chief Executive with a statement of the effectiveness of the Group's internal financial control system for the year ended 31st March 2017. It is the Acting Executive Director of Resources' opinion that "reasonable assurance can be placed upon the adequacy and effectiveness of the Group's systems of internal control".

The Chief Finance Officer of Lothian Pension Fund has provided a statement of the effectiveness of the internal financial control system for the year ended 31st March 2017 for the Funds. It is the Chief Finance Officer's opinion "that reasonable assurance can be placed upon the adequacy and effectiveness of the system of internal control for the Lothian Pension Fund, Lothian Buses Pension Fund and Scottish Homes Pension Fund."

Certification

It is our opinion, in light of the foregoing, that reasonable assurance can be placed upon the adequacy and effectiveness of the systems of governance that operate within the Group in its administration of the Funds. We consider the governance and internal control environment operating during the financial year from 1 April 2016 to 31 March 2017 to provide reasonable and objective assurance that any significant risks impacting on the Group and its ability to achieve its objectives in properly administering the Funds have and will continue to be identified and actions have and will be taken to avoid or mitigate the impact of any such risks.

Where areas for improvement have been identified and action plans agreed, we will ensure that they are treated as priority and progress towards implementation is reviewed through the governance structures and processes established for the Group and summarised herein. We will continue to review and enhance, as necessary, our governance arrangements.

ANDREW KERR
Chief Executive
of the City of Edinburgh Council
28 June 2017

HUGH DUNN
Acting Executive Director of Resources
of the City of Edinburgh Council
28 June 2017

CLARE SCOTT
Chief Executive Officer
of Lothian Pension Fund
28 June 2017

Governance Compliance Statement

The Regulations that govern the management of Local Government Pension Scheme in Scotland require that a Governance Compliance Statement is published. This statement sets out the extent to which governance arrangements comply with best practice.

The statement below describes arrangements at 31 March 2017 and since the introduction of new governance arrangements on 1 April 2015.

Principle		Full Compliance	Comments
Structure	The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing Council.	Yes	The City of Edinburgh Council acts as administering authority and delegates all pension scheme matters to a committee of seven members (Pensions Committee) made up as follows: <ul style="list-style-type: none"> - Five City of Edinburgh elected members - Two external members, one drawn from the membership of the Funds and one drawn from the employers that participate in the Funds.
	That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.	Yes	The Pensions Committee includes two external places for pension fund stakeholders i.e. one each from the employer and member representatives. <p>Fund members and employers are also represented within the Funds' Pension Board. Membership includes five employer representatives and five member representatives.</p> <p>All members of the Pension Board are invited to attend the meeting of the Pensions Committee and receive the relevant papers prior to those meetings.</p> <p>Two members of the Pension Board attend the Pensions Audit Sub Committee.</p>
	That where a secondary committee or board has been established, the structure ensures effective communication across both levels.	Yes	The Pensions Audit Sub-Committee, consisting of three members of the Pensions Committee, report to the Pensions Committee on their findings and recommendations. Two members of the Pension Board attend the Pensions Audit Sub-Committee in a non-voting capacity. The Pension Board attends the Pensions Committee meetings and takes part in training events. <p>Implementation of investment strategy is delegated to the Executive Director of Resources, who takes advice from the Investment Strategy Panel. The Panel meets quarterly and reports to the Pensions Committee annually.</p> <p>The Investment Strategy Panel consists of the Executive Director of Resources, Chief Executive of the Lothian Pension Fund, Chief Finance Officer, Chief Investment Officer and three experienced external industry advisers.</p> <p>The Pensions Committee receives annual updates from LPFE Limited and LPFI Limited.</p>

Principle		Full Compliance	Comments
Representation	That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include employing authorities (including non-scheme employers, e.g. admitted bodies) and scheme members (including deferred and pensioner scheme members).	Yes	<p>The Pension Board consists of a mix of representatives:</p> <ul style="list-style-type: none"> - Five employer representatives from non-administering authority employers; - Five member representatives appointed by the Trade Unions in accordance with the approach required under Scottish statute.
	Where appropriate, independent professional observers, and expert advisers (on an ad-hoc basis).	Yes	<p>An Independent Professional Observer was appointed in March 2013 to help Committee scrutinise advice.</p> <p>Three external investment advisers sit on the Investment Strategy Panel.</p> <p>A separate specialist Pensions Audit Sub-Committee consisting of three members (including at least two elected members from the City of Edinburgh Council) undertake the audit scrutiny of the funds.</p> <p>A non-executive director was appointed to the board of LPFI Limited on 7 February 2017.</p>
	That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision making process, with or without voting rights.	Yes	<p>The Pension Board attends the Pensions Committee meetings to help ensure that the operation of the pension funds is in accordance with the applicable law and regulation. The Pension Board takes part in all Committee training events.</p> <p>The Pensions Committee takes account of the views of the Pension Board when making decisions.</p>
Selection and Role of Lay Members	That committee or board members are made fully aware of the status, role and function that they are required to perform on either a main or secondary committee.	Yes	<p>A comprehensive training programme including induction is in place. Members of the Pensions Committee and Pension Board are expected to attend no less than three days of training (21 hours) per year.</p> <p>The non-elected members confirm that they have read, signed and will abide by a Code of Conduct (specifically tailored for the Committee and Board) prior to their appointment to the Pensions Committee and Pension Board. The elected members are required to read, sign and abide by the Councillors' Code of Conduct.</p>
	That at the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda.	Yes	<p>The declaration of members' interests is a standard item on the agenda for meetings of the Pensions Committee, Pensions Audit Sub-Committee and Pension Board.</p> <p>A Code of Conduct also applies to all members of the Pensions Committee and the Pension Board.</p>

Voting	The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.	Yes	Five of the seven places of the Pensions Committee are held by elected members of the City of Edinburgh Council, which is required to retain a 2/3 majority in line with the Local Government (Scotland) Act 1973. The Nomination and Appointments Policy of the Funds, available on the Funds' website, clearly documents how employer and member representatives will be elected to the Pensions Committee and Pension Board.
Training / Facility Time / Expenses	a) That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.	Yes	A Training and Attendance Policy is in place covering training requirements and reimbursement of expenses. The policy is available on the Funds' website www.lpf.org.uk . Board members and staff working for LPFI Limited also attend separate training for the purposes of their knowledge, understanding and compliance with Financial Conduct Authority regulations.
	b) That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.	Yes	The Training and Attendance Policy applies to both the Pensions Committee and the Pension Board. Advisers have their own professional development obligations.
	c) That the administering authority considers the adoption of annual training plans for committee and board members and maintains a log of all such training.	Yes	Each Pensions Committee and Pension Board member is expected to attend no less than three days training per year (21 hours) per year. Attendance at meetings and training is monitored and reported.
Meetings frequency	a) That an administering authority's main committee or committees meet at least quarterly.	Yes	The Pensions Committee meets at least four times a year.
	b) That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committees sits.	Yes	The Pensions Audit Sub-Committee is held before the Pensions Committee at least three times a year with further meetings held if necessary. The Investment Strategy Panel meets quarterly or more frequently as required. The Pension Board attends all the Pensions Committee meetings and separately meets in advance of each such meetings. Further meetings are held if necessary.
	c) That an administering authority who does not include lay members in their formal governance arrangements must provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.	Not applicable	

Access	That subject to any rules in the council's constitution, all members of main and secondary committees or boards have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.	Yes	Committee papers and minutes are publicly available on the Council's website and all Committee and Pension Board members have equal access. Members of the Pensions Committee and Pension Board have equal access to the Independent Professional Observer who holds surgeries ahead of Committee meetings.
Scope	That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	Yes	The Pensions Committee deals with all matters relating to both the administration and investment of the Funds. A separate specialist Pensions Audit Sub-Committee consisting of three members (including at least two elected members from the City of Edinburgh Council) undertake the audit scrutiny of the Funds. The Convener of the Pensions Committee is also a member of the Scottish LGPS Scheme Advisory Board which considers matters on a national level.
Publicity	That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements.	Yes	Governance documents, policies and details of Pension Board membership are on the Funds' website. The Funds also communicates regularly with employers and scheme members.

ANDREW KERR
Chief Executive
of the City of Edinburgh Council
28 June 2017

HUGH DUNN
Acting Executive Director of Resources
of the City of Edinburgh Council
28 June 2017

CLARE SCOTT
Chief Executive Officer
of the Lothian Pension Fund
28 June 2017

Additional information

Key documents online

You can find further information on what we do and how we do it, on our website at www.lpf.org.uk.

- Actuarial Valuation reports
- Pension Board constitution
- Annual Report and Accounts
- Statement of Investment Principles
- Pension Administration Strategy
- Communications strategy
- Funding Strategy Statement
- Service Plan
- Training and attendance policy

Fund advisers

Actuaries:	Hymans Robertson LLP
Auditor:	Nick Bennett, Managing Partner, Scott Moncrieff
Bankers:	Royal Bank of Scotland
Investment consultancy:	KPMG LLP, Gordon Bagot and Scott Jamieson
Investment custodians:	The Northern Trust Company
Investment managers:	Details can be found in the notes to the accounts.
Additional Voluntary Contributions (AVC) managers:	Standard Life and Prudential
Property valuations:	CB Richard Ellis Limited
Solicitors:	Dedicated in-house resource

Comments and suggestions

We appreciate your comments and suggestions on this report. Please let us know which sections you found useful and if you have any suggestions for items to be included in the future. Please email your comments to pensions@lpf.org.uk.

Accessibility

You can get this document on tape, in Braille, large print and various computer formats if you ask us. Please contact the Interpretation and Translation Service (ITS) on 0131 242 8181 and quote reference number 00819. The ITS can also give information on community language translations.

Contact details

If you would like further information about Lothian Pension Fund, Lothian Buses Pension Fund and Scottish Home Pension Fund, please contact us.

Email: pensions@lpf.org.uk
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Fax: 0131 529 6229

Address: Lothian Pension Fund, Atria One, 144 Morrison Street, Edinburgh EH3 8EX



Lothian Pension Fund
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Thursday 29 June 2017

Lothian Pension Fund - Internal Audit Opinion and Annual Report for the Year Ended 31 March 2017

Executive summary

Item number
Report number
Executive/routine
Wards

This report details the scope of internal audit, the opinion for the year ended 31 March 2017 and a note on the role and limitations of internal audit. This report is prepared per the requirement set out in the Public Sector Internal Audit Standards (PSIAS).

Links

Coalition pledges	
Council outcomes	CO25
Single Outcome Agreement	All

Lothian Pension Fund - Internal Audit Opinion and Annual Report for the Year Ended 31 March 2017

Recommendations

- 1.1 It is recommended that the Committee note the internal audit opinion for the year ended 31 March 2017.

Background

- 2.1 The purpose of the Internal Audit function is to review and consider Lothian Pension Fund's framework of governance, risk management & controls, and to make recommendations to management as to how any identified weaknesses might be addressed. Internal Audit also work with management to assist in the process of developing actions to rectify identified weaknesses. However, it is the responsibility of management to address and rectify the weaknesses identified and in doing so, improve the robustness of the framework of Governance, Risk Management and Control in place at the Council.
- 2.2 The Public Sector Internal Audit Standards (PSIAS) requires that the Chief Internal Auditor delivers an annual opinion to the Pension Committee that can be used to inform the organisation's Annual Governance Statement. The purpose of this report is to present our opinion on the overall adequacy and effectiveness of Lothian Pension Fund's framework of governance, risk management and controls, as relevant to our internal audit work performed for the financial year 1 April 2016 to 31 March 2017.
- 2.3 Whilst this report is a key element of the framework designed to inform the Annual Governance Statement, there are also a number of other important sources to which the Pensions Committee should look to gain assurance. This report does not supplant the Pensions Committee's responsibility for forming their own view on governance, risk management and control.

Internal Audit Opinion

Opinion

- 3.1 Internal Audit considers the framework of Governance, Risk Management and Control to be generally adequate but with enhancements required.
- 3.2 Internal Audit have not identified any fundamental weaknesses in the framework of governance, risk management and control at the Fund. We consider the Fund's framework to be operating at the higher end of the 'generally adequate but with enhancements required' category.
- 3.3 However, based on our work performed in the year, (set out below) and the management recommendations that remain outstanding at the date of this report, Internal Audit considers that there are some weaknesses in the framework of governance, risk management and controls. There were also instances during the year of non-compliance with existing controls. If not addressed, these weaknesses and instances of non-compliance may put the achievement of organisational objectives at risk. We consider that improvements are therefore required to address the matters identified, which will enhance the adequacy and effectiveness of governance, risk management and control.
- 3.4 This opinion is subject to the inherent limitations of internal audit (covering both the controls environment and the assurance over controls) as set out in Appendix 1. The nature and types of opinion considered by Internal Audit are set out in Appendix 2.

Basis of opinion

- 3.5 Our opinion is based solely on our assessment of whether the governance, risk management and controls in place support the achievement of the Fund's objectives.
- 3.6 We have conducted 3 specific Pension Fund Reviews during the year:

Review	Findings		
	High	Medium	Low
Internally managed investments	-	-	3
Third party ICT supplier risk	1	1	-
LPF group governance and HR arrangements	-	1	1
Total 16/17	1	2	4
<i>Total 15/16 (3 reports)</i>	-	4	5

- 3.7 For all completed internal audit reviews, finalised action plans have been agreed with management for the recommendations made. Completion of these recommendations will assist with improvement to the Fund's governance, risk management and internal control framework.

- 3.8 The total number of Internal Audit recommendations that remain unresolved at 31 March 2017 is set out below:

Review	Number of findings			
	Critical	High	Medium	Low
Third party ICT supplier risk*	-	-	1	-
Pensions Compliance (2015/16 audit)**	-	-	1	-
Total	-	-	2	-
<i>Total 15/16</i>	-	-	<i>1</i>	-

* This finding has not yet reached its agreed implementation date and is not overdue.

** This finding is overdue and relates to monies held by the Council on behalf of the Fund in a nominal holding account on their ledger. This is a breach of the LGPS regulations which require Pension Fund monies to be held in a separate bank account. The Fund has considered options to minimise the use of holding accounts and to this end the Council now pays pension contributions directly into the Fund bank account each month.

However, a holding account is still maintained to facilitate purchase ledger transactions and miscellaneous income receipts through the Council's main bank account. The possibility of developing separate sales and purchase ledgers for the Fund through the Council's ICT has been explored but is considered prohibitively expensive.

The Fund intends to explore the option of procuring a standalone ledger solution.

- 3.9 We have considered the effect of any changes in the Fund's systems & objectives as well as the level of resources available to Internal Audit. Given the Fund's dependence on the City of Edinburgh Council for a number of support services, we have also considered the results of the work that we performed on the governance, risk management and internal control framework in place at the City of Edinburgh Council. Our annual report and opinion for City of Edinburgh Council will be presented at the next scheduled Governance, Risk and Best Value Committee.

Comparison to prior year

- 3.10 We believe that the strength of the Governance Risk & Control environment at the Fund has been broadly stable year on year and this is reflected in the generally consistent overall number of 'recommendations' identified in the 2015/16 and

2016/17 audit years. There was one 'high' risk finding in 2016/17 relating to third party ICT supplier risk, which has now been resolved.

- 3.11 Good progress has been made in resolving Internal Audit recommendations during the year, with 2 open at year end. One of these is has not yet reached its agreed implementation date and is not overdue.
- 3.12 We consider that the strength of the framework of Governance, Risk Management and Control in place at the Fund continues to be in the 'Generally adequate but with some enhancements required' category (see Appendix 2), but we continue to consider that it is towards the higher end of this category.

Independence of Internal Audit

- 3.13 Maintaining independence from the areas that are subject to review is an important part of our methodology. We have internal processes in place to ensure that personal independence is maintained at all times and that we manage any potential conflicts of interest that staff could have in conducting reviews.
- 3.14 We do not consider that we have faced any significant threats to our organisational independence during 2016/17, nor do we consider that we have faced any inappropriate scope or resource limitations.

Conformance with Public Sector Internal Audit Standards

- 3.15 The PSIAS require us to report annually on conformance. Adoption of the PSIAS is mandatory for UK public sector organisations and they provide a coherent and consistent internal audit framework for the whole of the public sector.

External assessment

- 3.16 The PSIAS requires that the service undergo an external quality assessment (EQA) every 5 years. In order to obtain this, the Internal Audit function joined the 'Partnering Scheme' promoted by the Scottish Local Authorities Chief Internal Auditors Group (SLACIAG), which is a sub-group of CIPFA.
- 3.17 Under the SLACIAG scheme, the service was subject to an EQA by the Chief Internal Auditor of North Lanarkshire, which was undertaken between November 2016 and January 2017.
- 3.18 The outcome of the EQA was positive with Internal Audit assessed as **fully conforming** with the PSIAS.
- 3.19 For the full findings of the EQA, please refer to our report to the City of Edinburgh Council Governance, Risk and Best Value Committee on 9 March 2017, entitled '*Internal Audit Quarterly Updated report: 1 October – 31 December 2017*'. This will be presented at the next scheduled Governance Risk and Best Value Committee.

Internal assessment

- 3.20 The Chartered Institute of Public Finance & Accountancy (CIPFA) has prepared a Local Government Application Note and a Checklist for Assessing Conformance with the PSIAS in order to allow internal audit teams to evaluate the effectiveness

of Internal Audit's performance. The Checklist, which contains 334 best practice questions, was completed in Q3 2016/17 as part of the Internal Audit team's quality programme.

- 3.21 The review identified one area of non-compliance with the PSIAS relating to Service Level Agreements with a number of external organisations to which we provide internal audit services. This does not affect assurance provided to the Fund.

Internal Audit Self-Assessment

Quality Assurance and Improvement Programme

- 4.1 The PSIAS require an ongoing quality assurance and improvement programme (QAIP) that covers all aspects of the internal audit activity, and that the results of this programme are included in the Internal Audit annual report. The QAIP must include both annual internal assessments and external assessments at least every 5 years.
- 4.2 Internal Assessments must include ongoing monitoring of the performance of the internal audit activity and periodic self-assessments. Ongoing monitoring is an integral part of the day to day supervision, review and measurement of the internal audit activity, and is incorporated in the routine policies and practices used to manage the internal audit activity. All work is reviewed by qualified staff prior to being issued to ensure it is of sufficient quality and complies with the methodology set out in the Internal Audit Manual.
- 4.3 The requirement for the periodic self-assessment is met by;
- An annual self review of compliance with the PSIAS via reviewing our conformance with the CIPFA Local Government Application Note and Checklist;
 - Analysis of Internal Audit KPI trends;
 - Analysis of feedback received from clients on completed reviews to identify any trends emerging; and
 - The completion of quality reviews checklists on a sample of reviews to ensure that they comply with the Audit Manual. These reviews will be undertaken by a team member independent of the reviews.

Key performance indicators & client feedback scores

- 4.4 Our KPI results and client feedback scores for the second 6 months of the year (H2) are set out below with H1 as a comparator.

	H2 2016/17	H1 2016/17
Staffing		

Chief Internal Auditor & Principal Audit Managers to be professionally qualified		
Internal Audit training events to be held during the year		
Operational		
Audits outlined in the annual plan to be completed in the year initially planned		
Terms of Reference (ToRs) to be agreed for each audit before substantive field work commences		
Exit meetings to be held at the end of the fieldwork		
Draft reports issued to management for comment within 2 weeks of the exit meeting		
Management comments received within 2 weeks of draft report being issued		
Recommendations agreed with management prior to issue of the final report		
Final report issued within 1 week of final management comments being received		
Reporting		
Status of recommendations to be tracked, with overdue high and medium grade recommendations being reported to the GRBV		
Wider Relationships		
Average client satisfaction score for quality		
Average client satisfaction score for efficiency		
Average client satisfaction score for timing		

- 4.5 The 'red' KPI indicator highlights that we continue to find it difficult to get agreed management responses to our findings and close out audits within our targeted timelines. We frequently experience delays in receiving management responses from auditees with a corresponding impact on the efficiency of the closure process, however, this has no impact on the quality of the work performed and the conclusions reached in the internal audit reports issued.

- 4.6 The remaining indicators are tracking either broadly in line with or above our expectations.

Internal Quality Reviews

- 4.7 We conducted internal reviews on a sample of 10 files (2015/16 – 8) completed though out the year. These files covered work performed by a number of different Auditors, both Principal Audit Managers and outsourced (PwC) work.
- 4.8 The work documented for each file was assessed against 12 different attributes which covered audit methodology and project management requirements contained within our Internal Audit Manual. The evidence threshold for each question was deliberately set at a high standard with a '*If it's not documented on the file, it didn't happen*' approach adopted, even if other supporting evidence was available.

The results of this exercise are set out below:

		2016/17	2015/16
Planning attributes			
1	Is an understanding of the function's activities, set up, and their key objectives and risks demonstrated through scoping meeting minutes and planning documentation?	10/10 files were compliant.	7/8 files were compliant.
2	Were the terms of reference reviewed by the Chief Internal Auditor before it was issued to the key contacts?	10/10 files were compliant.	6/8 files were compliant.
3	Was the Planning Risk Control Matrix reviewed by the Principal Audit Manager before controls testing began?	9/10 files were compliant	7/8 files were compliant.
Fieldwork attributes			
4	Was a walkthrough of the process completed? If not, is there evidence that this was discussed and agreed with the Principal Audit Manager?	10/10 files were compliant.	8/8 files were compliant.

5	Have the key controls been identified?	10/10 files were compliant.	8/8 files were compliant.
6	Were the sample sizes set out in the Internal Audit Manual used to test controls?	10/10 files were compliant.	8/8 files were compliant.
7	Have all the objectives agreed in the Terms of Reference been addressed?	10/10 files were compliant.	8/8 files were compliant.
Reporting attributes			
8	Was fieldwork reviewed by the Principal Audit Manager before the draft report was issued?	8/10 files were compliant.	5/8 files were compliant.
9	Was the draft report reviewed by the Principal Audit Manager and the Chief Internal Auditor before the draft report was issued?	10/10 files were compliant.	8/8 files were compliant.
10	Is there evidence of discussions with the appropriate level of management to confirm the factual accuracy of findings and agree management actions?	10/10 files were compliant.	8/8 files were compliant.
11	Has the final report (including management actions) been approved by the Chief Internal Auditor before issue?	10/10 files were compliant.	8/8 files were compliant.
Overall view			
12	Are working papers sufficiently complete and detailed to enable another experienced internal auditor with no previous connection with the audit to ascertain what work was performed, to reperform it if necessary and to support the conclusions reached?	10/10 files were compliant.	8/8 files were compliant.

- 4.9 The results for 2016/17 internal file reviews show an improvement on the quality of our documentation surrounding the planning process, reflecting the additional focus we have put into documenting this part of the audit process.
- 4.10 The 2 ‘amber’ rated areas act as a reminder of the necessity to maintain the core project management disciplines with both these criteria being project management related. In reality, given our style of work, it is likely that these two criteria were met in practice, but the lack of documentary evidence in a number of files to evidence this has resulted in the ‘amber’ status. These criteria which both related to the timely documentation of review procedures, have no impact on the overall audit quality of any audits as appropriate reviews were undertaken before the audits were finalised and released. They have been included within our quality review criteria as timely review can often increase audit efficiency.
- 4.11 We will continue to perform internal reviews going forward and anticipate that additional learning points will emerge from future reviews.

Measures of success

- 5.1 Effective governance, risk management and internal control within the Lothian Pension Fund.

Financial impact

- 6.1 No direct financial impact.

Risk, policy, compliance and governance impact

- 7.1 No direct impact.

Equalities impact

- 8.1 No direct impact.

Sustainability impact

- 9.1 No direct impact.

Consultation and engagement

- 10.1 None.

Background reading/external references

- 11.1 [Public Sector Internal Audit Standards – Applying the IIA International Standards to the UK Public Sector](#)

Lesley Newdall

Chief Internal Auditor

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Links

Coalition pledges

Council outcomes CO25

Single Outcome Agreement All

Appendices Appendix 1 – Limitations and responsibilities of internal audit
Appendix 2 – Opinion types

Limitations and responsibilities of internal audit and management responsibilities

Limitations and responsibilities of internal audit

The opinion is based solely on the internal audit work performed for the financial year 1 April 2016 to 31 March 2017. The work addressed the Terms of Reference agreed for each individual internal audit assignment as set out in the individual assignment reports. However, where other matters have come to the attention of Internal Audit which is considered relevant, they have been taken into account when forming the opinion.

There might be additional weaknesses in the system of internal control that were not identified because they did not form part of the programme of work, were excluded from the scope of individual internal audit assignments or were not brought to Internal Audit's attention. As a consequence Management and the Committee should be aware that the opinion may have differed if the programme of work or scope for individual reviews was extended or other relevant matters were brought to Internal Audit's attention.

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future periods

The assessment of controls relating to the Council is for the year ended 31 March 2017. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that:

- the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- the degree of compliance with policies and procedures may deteriorate.

Responsibilities of Management and Internal Audit

It is Management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for Management's responsibilities for the design and operation of these systems.

Internal Audit endeavour to plan its work so that it has a reasonable expectation of detecting significant control weaknesses and, if detected, it carries out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and examinations by internal auditors should not be relied upon to disclose all fraud, defalcations or other irregularities which may exist.

Appendix 2

Opinion types

The PSIAS require the provision of an opinion but do not provide any methodology surrounding the nature of that opinion. We have adopted the approach set out below in order to form an opinion for the Council.

We consider that there are 4 possible opinion types that could apply to the Council. These are set out in the table below:

1 Adequate <i>An adequate and appropriate framework of Governance, Risk management & Control is in place enabling the risks to achieving organisation objectives to be managed</i>	2 'Generally adequate but with enhancements required' <i>Areas of weakness and non-compliance in the framework of Governance, Risk management & Control that that may put the achievement of organisational objectives at risk</i>
3 'Significant enhancements required' <i>Significant areas of weakness and non-compliance in the framework of Governance, Risk management & Control that puts the achievement of organisational objectives at risk</i>	4 Inadequate <i>The framework of Governance, Risk management & Control is inadequate with a substantial risk of system failure resulting in the likely failure to achieve organisational objectives.</i>

Judgement is required to be exercised in determining the appropriate opinion to be given and it should be noted that in giving any opinion, assurance can never be absolute.

The City of Edinburgh Council

Statement on the system of internal financial control

1. This statement is given in respect of the internal financial controls operated by The City of Edinburgh Council. As the Council's designated section 95 officer as defined under the provisions of the Local Government (Scotland) Act 1973, I acknowledge my responsibility for ensuring that an effective system of internal financial control is in place and its effectiveness regularly reviewed.
2. The system of control can provide reasonable, but not absolute, assurance that material control weaknesses or irregularities do not exist, and that there is no unacceptable risk of material error, loss, fraud or breach of legislation. Consequently, the Council continually seeks to improve the effectiveness of its systems of internal control so that irregularities are either prevented or detected within an acceptable period of time. Tracking of agreed internal audit actions forms a standing item on the Council Leadership and Senior Management Team agendas, with progress also regularly reported to the Governance, Risk and Best Value Committee. The effectiveness of the Council's internal financial control framework as a whole is subject to annual review by its external auditors, with the principal findings of the most recent annual assessment reported to the Governance, Risk and Best Value Committee in August 2016.
3. The system of internal financial control is based on a framework of regular management information, financial rules and regulations, administrative procedures (including segregation of duties), management supervision and a scheme of delegation and accountability. The system is maintained and developed by Council management and includes:
 - comprehensive budgeting systems;
 - preparation and regular review of periodic reports that measure actual financial performance against budgeted net expenditure. For 2016/17, the effectiveness of this process was enhanced at the savings inception, development, implementation and delivery stages, with extensive senior management team, Council Leadership Team and elected member scrutiny, witnessed by a significant increase in the proportion of approved savings subsequently delivered. An internal audit review of this area also noted a number of areas of good practice, with no recommendations for improvement made;
 - agreement of targets against which financial and operational performance can be assessed. Key amongst these financial targets is achievement of a balanced Council-wide outturn, with the provisional year-end position for 2016/17 showing that net expenditure has been maintained within budget for the tenth successive year;
 - clearly-defined capital expenditure guidelines communicated to services and set out in the Finance Rules. Following a comprehensive update in 2015, these Rules, alongside the Financial Regulations, were reviewed and refreshed during the year;
 - an approved long-term financial strategy and plan, updates in respect of which are regularly discussed at the CLT and reported to the Finance and Resources Committee;
 - formal project management disciplines as supported and promoted through the Strategy and Insight section, including senior Finance representation on all major project boards and assurance review panels; and

- formal governance arrangements operated within both subsidiary and associated companies, complemented by a strengthened Council observer role and consolidation and active consideration by senior Council officers of a consistent suite of key operational documentation for its principal companies.
4. The Internal Audit section operates in accordance with the Chartered Institute of Public Finance and Accountancy's United Kingdom Public Sector Internal Audit Standards. The Section undertakes an annual programme based on an agreed audit strategy. The plan is based on formal assessments of risk and audit needs which are reviewed regularly to reflect evolving risks and changes within the Council. During 2016/17, the section reported to the Head of Legal and Risk. It also has, however, unfettered access to the Chief Executive, Executive Directors, Heads of Service (including the Head of Finance) and elected members of the Council when required. The Chief Internal Auditor has provided an assurance statement that includes his opinion on the adequacy and effectiveness of the system of internal financial control.
5. My review of the effectiveness of the internal financial control system is informed by:
- assurance certificates on internal control received from all Executive Directors of Council service areas and relevant service heads;
 - regular senior management-level consideration of progress in implementing internal audit recommendations;
 - governance arrangements in place for subsidiary and associated companies and an ongoing assessment of the effectiveness of these arrangements;
 - the work of managers within the Council;
 - the work of internal audit; and
 - external audit reports, in particular the independent annual report on the Council's financial statements and internal control framework.
6. The Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer (2010) as set out in the Application Note to Delivering Good Governance in Local Government Framework, an opinion confirmed by Audit Scotland as part of the 2015/16 financial statements audit. Having reviewed the framework, it is therefore my opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the Group's systems of internal control.
7. I have overseen the improvements put in place in response to recommendations made by internal and external audit work during the year, with improvement apparent in both timeliness of implementation and embedding of previously-agreed actions. This said, the extent of change and reduction in overall resources underpinning the Council's Transformation Programme has reinforced the importance of robust, documented and well-understood procedures for key system controls and a priority in 2017/18 will therefore be to consolidate these improvements and gain necessary assurance by regularly assessing their effectiveness.

8. I have furthermore co-ordinated work consolidating the Council's long-term financial planning arrangements, recognising the need to keep these matters under regular review. While the Council's Best Value report in February 2016 noted that substantial progress had been made in addressing medium-term savings requirements, an updated assessment of likely funding availability, service pressures and expenditure linked to major infrastructure projects indicates that significant additional savings will be required. As such, initial work to identify key themes and potential opportunities towards addressing this requirement, rooted in consideration of the Council's priority outcomes, is underway and I will regularly assess the extent of progress as the year progresses.



Hugh Dunn

Acting Executive Director of Resources

23 May 2017



**Annual Report 2017
of
Lothian Pension Fund,
Lothian Buses Pension Fund
and
Scottish Homes Pension Fund**

**“Statement on the system of internal financial control
for the year ended 31 March 2017”**

Section 95 of the Local Government (Scotland) Act 1973 states that “every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that the proper officer of the authority has responsibility for the administration of those affairs”. The Acting Executive Director of Resources serves as the Section 95 Officer for all of the Council’s accounting arrangements, including those of the Lothian Pension Fund, Lothian Buses Pension Fund and Scottish Homes Pension Fund. For the Pension Funds, however, this Section 95 responsibility has been delegated to the Chief Finance Officer, Lothian Pension Fund.

In compliance with standard accounting practice, the Chief Finance Officer, Lothian Pension Fund, is required to provide the Chief Executive with a statement of the effectiveness of the internal financial control system of the Funds for the year ended 31 March 2017.

The Funds place reliance upon the internal financial controls within the City of Edinburgh Council's financial systems and the monitoring in place to ensure the effectiveness of these controls. Accordingly, the “Statement on the system of internal financial control” by Hugh Dunn, Acting Executive Director of Resources, City of Edinburgh Council, dated 23 May 2017, refers.

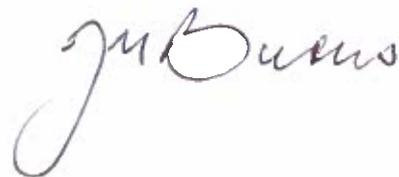
Within this overall control framework, specific arrangements for the Lothian Pension Fund, Lothian Buses Pension Fund and Scottish Homes Pension Fund are detailed in the Annual Governance Statement. These include:

- identifying the objectives of the Funds in Funding Strategy Statement, Statement of Investment Principles and Service Plan;
- monitoring of the achievement of objectives by the Pensions Committee, Pensions Audit Sub-Committee and senior officers;
- the Chief Risk Officer, Lothian Pension Fund, reports on any non-compliance with laws and regulations, with a detailed compliance framework covering key activities;
- a risk management policy, including a regularly reviewed risk register, serves to manage risk to the Funds appropriately;
- codes of conduct for elected members, members of the Pensions Board and officers;
- a structured programme to ensure that both Committee and Pension Board members have the required standard of knowledge and understanding of Local Government Pension Scheme matters;
- operating within clearly established investment guidelines defined by the Local Government Pension Scheme Investment Regulations and the Funds' Statements of Investment Principles;
- compliance with the CIPFA Principles for Investment Decision Making in the Local Government Pension Scheme;

- with the exception of managed funds, unlisted investments and property, all investments are held under custody by a global custodian. The Funds benefit from the custodian's extensive internal control framework;
- benchmarking of services in terms of quality and cost against other Local Government Pension Scheme funds.

The Chief Internal Auditor has provided an "Internal Audit Annual Report and Opinion for the year ended 31 March 2017", in accordance with the requirement set out in the Public Sector Internal Audit Standards.

In light of the above, it is my opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the system of internal financial control for the Lothian Pension Fund, Lothian Buses Pension Fund and Scottish Homes Pension Fund.

A handwritten signature in black ink, appearing to read "John Burns". The signature is written in a cursive style with a large, looping initial 'J'.

**John Burns, FCMA CGMA
Chief Finance Officer,
Lothian Pension Fund**

24 May 2017

The City of Edinburgh Council

10am, Thursday, 29 June 2017

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

Item number	8.9
Report number	
Executive/routine	
Wards	4 (Forth); 12 (Leith Walk); 13 (Leith)

Executive summary

On 13 December 2016 the Education, Children and Families Committee approved that a consultation be undertaken proposing the 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 the consultation included 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.

A statutory consultation was undertaken between 30 January 2017 and 17 March 2017. The purpose of this report is to advise on the outcome of the consultation.

It is recommended that the proposal to relocate Victoria Primary School to a new building in the Western Harbour area be progressed and that the school catchment changes outlined in the statutory consultation paper are implemented.

Links

Council outcomes	CO1 and CO2
Single Outcome Agreement	SO3

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

Recommendations

- 1.1 Approve that the proposal to relocate Victoria Primary School to a new building in the Western Harbour is progressed.
- 1.2 Approve that the changes to the Trinity and Victoria Primary School catchment boundary outlined in the statutory consultation paper are implemented in the November prior to the new building opening.
- 1.3 Approve that, with immediate effect, the catchment areas of Victoria Primary School, Holy Cross RC Primary School, Trinity Academy and St Thomas of Aquin's RC High School be extended as set out in the consultation paper to include the entire Western Harbour area.
- 1.4 Note that Council Officers will continue to provide support to community groups wishing to consider community ownership of the existing Victoria Primary School building through the Community Asset Transfer process.
- 1.5 Note the intention to progress, with immediate effect, the transfer of ownership of the proposed school site from Forth Ports to the Council and to undertake the necessary survey works on that site.
- 1.6 Note that the provision of temporary classrooms on the Victoria Primary School site may be required from August 2018 until such time as the new building becomes operational.
- 1.7 Note that should funding not be identified during the 2018-19 budget setting process, the delivery date for the new building would be delayed beyond August 2020 which will require that the temporary measures put in place at Victoria Primary School be extended pending the opening of the new school.

Background

- 2.1 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 Government building may represent a significant future pressure on Trinity Primary School's accommodation.

2.2 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 the consultation included 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.

2.3 In summary, the statutory consultation paper proposed the following:

- A new double stream (14 class) primary school would be established on the identified site 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 nursery classes.
- 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 changes affecting Trinity Primary School would only apply to new P1 pupils. However, younger siblings of pupils attending Trinity Primary School who attend the school at the time the catchment change is implemented and who are resident in the part of Trinity Primary School

catchment proposed for transfer would be guaranteed a place at Trinity Primary School. This policy would only apply if, when the younger sibling was registering at P1, he/she continued to be resident in the part of the Trinity Primary School catchment which would transfer to Victoria Primary School and would still have an elder sibling at Trinity Primary School in the coming academic year.

- 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. However, the Council will consider alternative uses of the Victoria Primary School building and make recommendations as part of this paper.
- The requirement for additional classroom space at Trinity Primary School would continue to be assessed through the Rising Rolls process.

2.4 It is currently expected that the new Victoria Primary School building would open in August 2020, although this is dependant on funding being identified through the current budget process to allow the project to be initiated.

Main report

- 3.1 The statutory consultation period ran from 30 January 2017 to 17 March 2017. The full statutory consultation paper is available online and a summary paper is provided in Appendix 1. A copy of the full statutory consultation paper is also available in the Elected Members lounge for reference.
- 3.2 Two public meetings were held during the consultation period: one at Trinity Primary School on 21 February 2017 and one at Victoria Primary School on 27 February 2017. Each public meeting was independently chaired. Council officials answered questions following a short presentation. Records of each meeting are included in Appendix 2.
- 3.3 Representations on the proposal were invited by letter, email or through a specifically designed online response questionnaire. 171 representations were received. The number of completed online questionnaires was 162 (excluding 6 duplicates), with 9 comments received by email. The tables in Appendix 3 and Appendix 4 list all the representations received and a summary of the issues that were raised. The full submissions are available in the Elected Members lounge for reference.

- 3.4 The majority of representations made were from parents or local residents. Local organisations including the Parent Councils of Trinity and Victoria Primary Schools, the Parent Council of Trinity Academy and Trinity Victoria After School Club Management Committee also made representations.
- 3.5 Those who responded using the online questionnaire were asked whether they supported the proposal as detailed in the statutory consultation paper. 128 (79%) responded that they did and 28 (17%) responded that they did not. A further 7 (4%) did not respond to this question.
- 3.6 It is worth noting that support from those residing within the Victoria Primary School catchment area was lower, with 65% responding that they supported the proposal and 30% responding that they did not. It is also worth noting that, within the Victoria Primary School catchment area support from people residing in the Western Harbour area stood at 85% compared to 54% in the rest of the catchment.
- 3.7 Two of the comments received by email expressed support for the proposal, one did not support the proposal and the remaining six did not specifically express a view either way but sought further details, made a specific point in relation to an element of the consultation or felt that insufficient information had been provided through the consultation process to allow a view to be formed.
- 3.8 A consultation exercise with P4 pupils was also carried out at Trinity Primary School and Victoria Primary School. The exercise was focused on what the pupils thought a new primary school building should be like. All comments that were submitted by pupils are available in the Elected Members lounge for reference.

Key Themes and Issues and Council Responses

- 3.9 This section draws out the main themes and issues that were raised during the consultation period and sets out the Council's response.
- 3.10 A number of issues and points were raised, often recurrently, during the public meetings, in the responses received during the consultation period and through the consultation undertaken with pupils. These have been drawn out and aggregated into a number of themes which are identified in the table below which shows the percentage of responses received (where a comment was made) which contained a point or issue relating to that theme. Appendix 4 provides details of the various issues and points raised under each theme together with the Council's response.

3.11

Theme	% of Responses
Future Use of the existing Victoria Primary School building	22.8%
Traffic, Parking and Safety	18.7%
Secondary School Issues	17.5%
Trinity Primary School	14.0%
Western Harbour: Planning, the Environment and New School Design	12.9%
Alternative Options and Other Buildings	11.1%
New Victoria Site Size	8.8%
School Roll Projections	6.4%
Victoria Community, Identity and Ethos	4.1%
Temporary Solutions at Victoria Primary School	2.9%
The Consultation Process	1.8%
Catchment Change	0.6%

3.12 In summary, the three issues most commonly raised by respondents to the consultation were:

The future use of the existing Victoria Primary School building

The majority of respondents commenting on the future use of the Victoria Primary School building requested/suggested its continued use as a community asset should it no longer be required to serve as a school.

Traffic, Parking and Safety

Concerns were principally focused on the ability of the existing transport infrastructure in the Western Harbour to support the additional traffic generated by a school in the area.

Secondary School Issues

Respondents noted that the consultation did not address the issue of rising rolls at Trinity Academy or the suitability of the facilities available at that school to support increasing demand.

Education Scotland

- 3.13 As required by the Schools (Consultation) (Scotland) Act 2010 as amended by the Children and Young People (Scotland) Act 2014, all of the responses received during the public consultation were made available to Education Scotland for consideration. Education Scotland visited Trinity and Victoria Primary School and discussed the educational aspects with staff, pupils and parents before producing their final report. Education Scotland's report on the educational aspects of the proposals was received by the Council in April 2017. This report is attached in Appendix 5.
- 3.14 The conclusion of Education Scotland is that the proposal has clear educational benefits. The report states that '*The planned new building for Victoria Primary School has the potential to provide children who will attend the new school with a purpose-built learning environment well-suited to their learning needs. At the same time, the proposal will help to ensure that the increasing roll at Trinity Primary School is kept manageable, reducing the possibility of overcrowding.*'
- 3.15 Education Scotland noted that almost all stakeholders they met with support the proposal. However, they did note that parents of children at Victoria Primary School did not fully support the proposal.
- 3.16 Accordingly, Education Scotland did comment that in taking the proposal forward, the Council should continue to engage with stakeholders regarding the design of the new school building and its site and clarify further its projections for the new Victoria Primary School and how it will monitor the potential requirement for additional classroom space.
- 3.17 Furthermore Education Scotland requested that the Council take into account the concerns raised by parents at Victoria Primary School around safer routes to schools and traffic congestion should the proposals be progressed.

Response to Education Scotland

- 3.18 The Act requires that the Council's consultation report include 'a statement of the authority's response to Education Scotland's report'. The Council's response to the three key issues is provided in the following table.

Issue Raised	The council should continue to engage with stakeholders regarding the design of the new school building and its site. In doing this, the council should clarify further its projections for the new school's roll and how it will monitor the possible need for additional classroom space.
Issue Raised	In taking its proposal forward, the council should continue to work with parents, pupils and staff at Victoria Primary School to ensure that the best possible transitional arrangements are in place for the period before the new school building is in operation.
Council Response	<p>Appropriate processes and support will be put in place to facilitate the transfer of pupils, staff and resources from the existing to the new school and will include significant engagement with pupils, parents and staff. This process will ensure a smooth and effective transition processes for those people affected by catchment change proposals and provide all stakeholders with clarity about what the new school building will mean for them.</p> <p>A new double stream Victoria Primary School will be sufficient to support demand within the new Victoria Primary School catchment area until at least 2026 when projections suggest the school will be operating at 85% of its available capacity. It is not anticipated that the significant development proposed in the North Leith area which <i>may</i> require that Victoria Primary School be extended beyond double stream will be completed until beyond 2030. Given the uncertainty around the development it is not possible at this time to give definitive timescales as to when an assessment of school capacity requirements would be necessary.</p> <p>However, should a more detailed proposal come forward for North Leith, the progress made in securing the necessary permissions will be monitored by the Communities and Families Department and the necessary contributions for the provision of school places will be sought. At this stage a working group including parent and other stakeholder representatives would be convened to review projections for the school in light of the information available and consider the actions necessary.</p>
Issue Raised	The council should take the issues raised by parents, including concerns over possible traffic congestion, into account when it draws up a strategy for safe routes to school.
Council Response	<p>A strategy to ensure the provision of safe routes to the new school will be developed at the same time as the design of the new school building. Following the completion of the new school building parents will continue to be involved in the process of monitoring these routes and identifying where improvements may be made through the agreement of the School Travel Plan.</p> <p>Many of the responses to this consultation which raised the issue of</p>

	traffic congestion came from residents rather than parents and the Council is committed to identifying a means by which local residents can feed into the process prior to the submission of a Planning application so that issues relating to traffic, increased volumes of pedestrians and public amenity can be addressed where possible.
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Conclusions

- 3.19 It is concluded that within the wider Trinity and Victoria communities there is significant support for the proposal. It is also clear that the proposal addresses accommodation pressures at both schools and, as set out in Education Scotland's response to the proposals, offers significant educational benefits for Victoria Primary School in particular.
- 3.20 The representation made by Victoria Primary School Parent Council offers "conditional support" for the proposal illustrating that support within the community most directly affected by the proposal is less overwhelming. This is reflected in the representations received with the greatest opposition to the proposal coming from within the more established areas of the Victoria Primary School catchment.
- 3.21 The concerns raised principally relate to the lack of certainty on the design of the new school building, traffic around the new school and the capacity of the identified school site to accommodate projected demand.
- 3.22 However, the Council believes that the size of the available site is appropriate for the level of provision to be made and the Scottish Government have agreed, granting the Council approval for dispensation from the School Premises (General Requirements and Standards) (Scotland) Regulations 1967 which prescribe the size of site for any new (or replacement) school. The Council believes that the concerns raised may be addressed through a collaborative working approach between the Council and the local community in the design of the new Victoria Primary School and the facilities that it will provide. Accordingly, it is recommended that the proposal be approved to allow this more detailed consideration of the design to be progressed.
- 3.23 It is currently expected that the new Victoria Primary School building would open in August 2020. The catchment change affecting the boundary of Victoria Primary School and Trinity Primary School would be implemented in November 2019.
- 3.24 The catchment areas of Victoria Primary School, Holy Cross RC Primary School, Trinity Academy and St Thomas of Aquin's RC High School should be extended with immediate effect as set out in the consultation paper to include the entire Western Harbour area.

Measures of success

- 4.1 The provision of sufficient classroom accommodation to meet current and future demand for primary school places within the Victoria and Trinity Primary School catchment areas.

Financial impact

- 5.1 The financial implications on future capital and revenue budgets of the adopted LDP Action Programme, which includes the new Victoria Primary School, were reported to the Finance and Resources Committee on [19 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 were established in the Capital Investment Programme through the Council's budget setting process in 2017. This was undertaken and an LDP capital budget is now available to cover the costs of progressing delivery of the school during 2017/18.
- 5.2 If it is agreed by Council that the new school should progress to construction, the identification and approval of the required additional capital and revenue funding would require to be established by Council as part of future budget processes in order for the school to be delivered by August 2020.

Capital Costs

- 5.3 The total capital cost to deliver the proposal based on an assumed opening date of August 2020 and Q4 2017 prices, is estimated as being £14.270m. This also assumes that the cost of the site acquisition will be nil due to provision made in the existing section 75 agreement with Forth Ports for the site identified for a new school.
- 5.4 The site provided by Forth Ports will require to be remediated and serviced and an estimate of £3.070m is included within the capital cost.
- 5.5 The capital cost also assumes that £800,000 of funding for the new school building is made available through the disposal of the existing Victoria Primary School site.
- 5.6 In addition to the capital costs associated with the new school building a further £350,000 is required to deliver the temporary classroom accommodation required to meet demand for places at Victoria Primary School in August 2018. The unit purchased will be a flexible design to allow its relocation to other school sites for use as classroom or nursery space on completion of the new Victoria Primary School building.
- 5.7 The provision of temporary accommodation will significantly reduce the already limited play space at Victoria Primary School and present operational issues for the school which already has a separate Rising Rolls building. In addition, the

development of additional housing in the Western Harbour area will continue to place pressure on school accommodation. Accordingly, there is a need to quickly progress the proposal for the new school building and Council is asked to give consideration to identifying the capital funding required as part of the 2018-19 budget setting process.

- 5.8 It should be noted that any delay to the delivery of the full scheme beyond the assumed delivery date of August 2020 will mean that the capital costs are likely to be higher taking into consideration the impact of further future construction cost inflation.

Additional Revenue Costs

- 5.9 The additional revenue costs associated with a new school building 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 schools 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.
- 5.10 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 partially offset against the savings made through the disposal of the existing Victoria Primary School building. However, the costs of running a significantly larger school with a nursery are greater than Victoria Primary School's current running costs.
- 5.11 In 2015/16 the cost of maintenance, utilities, rates and services at the existing 10 class Victoria Primary School building was £95,400. This compares with an estimated annual running cost of £312,000 for a new 14 class school with 40/40 nursery. A significant factor in this difference is the cost of rates which are presently £22,700 for the existing Victoria Primary School building but are estimated to be £98,000 for a new school building. The other significant factor is that the estimated running costs for a new school assume a full planned maintenance regime. The current 2015/16 running costs for the existing Victoria Primary School building does not allow for a planned maintenance regime. Should the same regime be applied to the existing Victoria Primary School building the recommended running costs would be £146,000. This does not include the capital investment of £511,000 recommended to bring the school building up to a satisfactory standard. The difference between the recommended £146,000 for the existing Victoria Primary School building and the £312,000 for the new school is primarily down to additional floor space.

Risk, policy, compliance and governance impact

- 6.1 The implementation of the proposal will address the Council's policy of ensuring sufficient accommodation for catchment pupils to secure a place at their catchment school. It will also address the Council objective of ensuring the suitability of the school estate by the withdrawal from a school building rated as "weak" by HMIE to a new, fit for purpose facility.
- 6.2 The implementation of the proposal will also officially confirm the catchment status of pupils in the Western Harbour area facilitating improved school estate management.
- 6.3 Discussions with Forth Ports regarding the transfer of the school site are progressing and access to the site has been granted for the purpose of undertaking survey work. It is assumed that the cost of the site acquisition will be nil due to provision made in the existing section 75 agreement with Forth Ports for the site identified for a new school. However, until the legal transfer of the site is concluded, there remains a significant risk to the delivery of the proposal.
- 6.4 Although the Council is able to collect financial contributions towards delivering the new Victoria Primary School from developers through Section 75 agreements, this is unlikely to lead to full cost recovery. There is a risk both on the timing and achievement of developer contributions which could create a short-term or overall funding pressure. There is currently no provision in the Council Capital Investment Programme from 2018-19 onwards for the £14.270m capital funding required to allow the delivery of the infrastructure proposed and it will be necessary for Council, as part of the Council budget setting process to identify and approve the sources of this additional capital funding. The delivery of this proposal will be contingent on this capital funding, and also the necessary additional annual revenue funding, being secured.

Equalities impact

- 7.1 There are no negative equality or human rights impacts arising from this report.
- 7.2 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.

Sustainability impact

- 8.1 Whilst progressing the proposal would see the creation of a new, larger building, the purpose is to create fit for purpose accommodation to meet demand. The new building would be designed to minimise the impact on carbon emissions and energy consumption.
- 8.2 The relocation of Victoria Primary School to a location in the Western Harbour will reduce the distance that the majority of the catchment population are required to travel to school, thereby promoting the use of sustainable methods of transport. Accordingly, it is anticipated that the implementation of the proposal will result in reductions in carbon emissions.

Consultation and engagement

- 9.1 The statutory consultation process ran from 30 January 2017 to 17 March 2017 and has been 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.

Background reading/external references

- 10.1 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.

Alistair Gaw

Executive Director of Communities and Families

Contact: Crawford McGhie, Acting Head of Operational Support, Communities and Families

E-mail: crawford.mcghie@edinburgh.gov.uk | Tel: 0131 469 3366

Links

Council outcomes [CO1](#) and [CO2](#)

Single Outcome Agreement [SO3](#)

Appendices

Appendix 1 – Summary of the Statutory Consultation Paper

Appendix 2 – Minutes of the Statutory Consultation Public Meetings

Appendix 3 – Summary of Representations

Appendix 4 – Issues Raised and Council Response

Appendix 5 – Education Scotland Report

Consultation on Proposal to relocate Victoria Primary School to a new building in the Western Harbour and undertake catchment changes affecting Victoria Primary School, Trinity Primary School, Holy Cross RC Primary School, Trinity Academy and St Thomas of Aquin’s RC High School

Summary Paper

www.edinburgh.gov.uk/newvictoriaschool

What is being proposed?

- The relocation of Victoria Primary School from its existing building to a new, larger building on a site in the Western Harbour.
- Catchment changes so that the area identified for significant housing development in North Leith which is currently in Trinity Primary School’s catchment area is realigned with the new Victoria Primary School.
- A minor change to 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.

The existing and proposed catchment areas have been included within this summary paper.

Where will the new Victoria Primary School be located?

The site for a new primary school was identified in the masterplan for the Western Harbour development agreed in 2003 with Forth Ports. The site is shown in the maps at the back of this paper. The new Victoria Primary 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 ever to be required, additional classrooms could be constructed on the school site.

Why do we need to replace the existing Victoria Primary School building?

Recent P1 intakes at Victoria Primary School have been high and are likely to increase as more housing is built in the Western Harbour. The school is small and does not have the classroom space or supporting facilities to accommodate this level of intake. It is projected that Victoria Primary School will breach its current capacity in 2018. In addition, proposed housing developments in Trinity Primary School’s catchment area are projected to cause accommodation issues at Trinity Primary School. The new school building would be built so that it could address both these issues.

What will happen to the existing Victoria Primary School building?

If the proposal is approved it may be necessary for the existing Victoria Primary School building to be sold to provide funding for the new school building. However, the Council is investigating whether alternative uses of the Victoria Primary School building may be possible. The implications any alternative uses of the existing Victoria Primary School building may have for the proposals will be considered as part of the Outcomes of the Consultation report to the Council meeting in June 2017.

Why does the proposal include changes to the catchment area of Trinity Primary School?

Trinity Primary School is currently experiencing pressure for places from its existing catchment population and may need a small extension to meet this demand. However, Trinity Primary School does not have sufficient space on its existing site to also provide the additional accommodation which would be necessary to support the number of pupils projected to be generated by the significant housing developments proposed for North Leith. The catchment change proposed between Trinity Primary School and Victoria Primary School would mean that the proposed housing developments in the North Leith area of Trinity Primary School's catchment area are realigned with Victoria Primary School which could accommodate these new pupils within its new school building.

Why does the proposal include changes to the catchment areas of Holy Cross RC Primary School, Trinity Academy and St Thomas of Aquin's RC High School?

School catchment boundaries in the north of the city have not been changed for many years and do not extend far enough to incorporate the northern section of the Western Harbour development which, until recently, did not exist. While they are not officially within any catchment area, the pupils from the northern and eastern sections of the Western Harbour have been treated by the Council as being within the non-denominational catchment areas of Victoria Primary School and Trinity Academy and, for Roman Catholic provision, within the catchment areas of Holy Cross RC Primary School and St Thomas of Aquin's RC High School. The proposal would simply formalise this arrangement.

Who will the catchment changes affect?

The addresses of the properties which will be directly affected by the proposal are listed at the back of this summary paper.

There would be no mandatory transfer for pupils already attending another school. The catchment changes will only apply to new P1 pupils. However, younger siblings of pupils attending Trinity Primary School at the time the catchment change is implemented and who are resident in the part of Trinity Primary School proposed for

transfer to Victoria Primary School would be guaranteed a place at Trinity Primary School if they wished to take it. Further details of this policy are included in Section 4 of the full consultation paper.

When would the changes come into effect?

If the proposal is approved by the Council, the minor catchment changes affecting the area at the north of the Western Harbour would be effective from 1 November 2017.

The date from when the transfer of the North Leith area of Trinity Primary School's catchment area to Victoria Primary School would be effective is the November prior to Victoria's new school building opening, in time for the P1 and S1 registration process. Victoria's new school building is currently expected to be open in August 2020.

Why are we consulting?

We want to hear the views of anyone affected by the proposals. There is also 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.

How will I know if my views have been considered?

All comments made during the statutory consultation period will be recorded and represented in a final 'Outcomes of the Consultation Report' that we expect to be considered by Council in June 2017. The report will be published three weeks in advance of the Council meeting and parents of pupils attending affected schools and anyone who has responded to the consultation will be notified of its publication.

How can I find out more about the proposals or make my views heard?

If you want more information you can find the full consultation papers, along with background reports, maps, address lists and other supporting information at www.edinburgh.gov.uk/newvictoriaschool.

We have also organised two public meetings, as below:

Venue	Date	Time
Trinity Primary School	Tuesday 21 February 2017	6.30pm – 8.30pm
Victoria Primary School	Monday 27 February 2017	6.30pm – 8.30pm

Each meeting will open with a short presentation about the consultation and what is proposed, followed by a question and answer session. We will take a note of the meeting and all of the points made will be captured in the final 'Outcomes of the Consultation Report'. You can attend any meeting which suits you. Please telephone (0131) 469 3161 by Monday 6 February 2017 if you need translation services or childcare at the meeting.

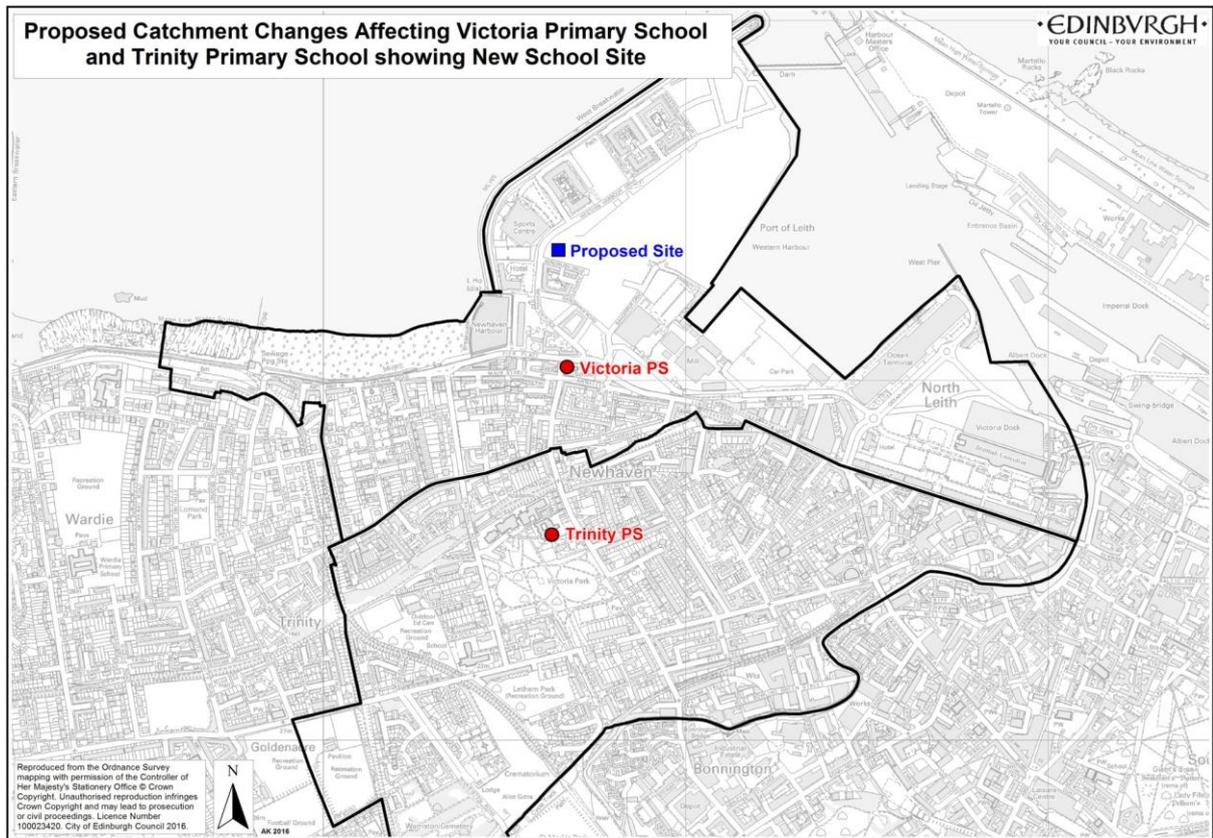
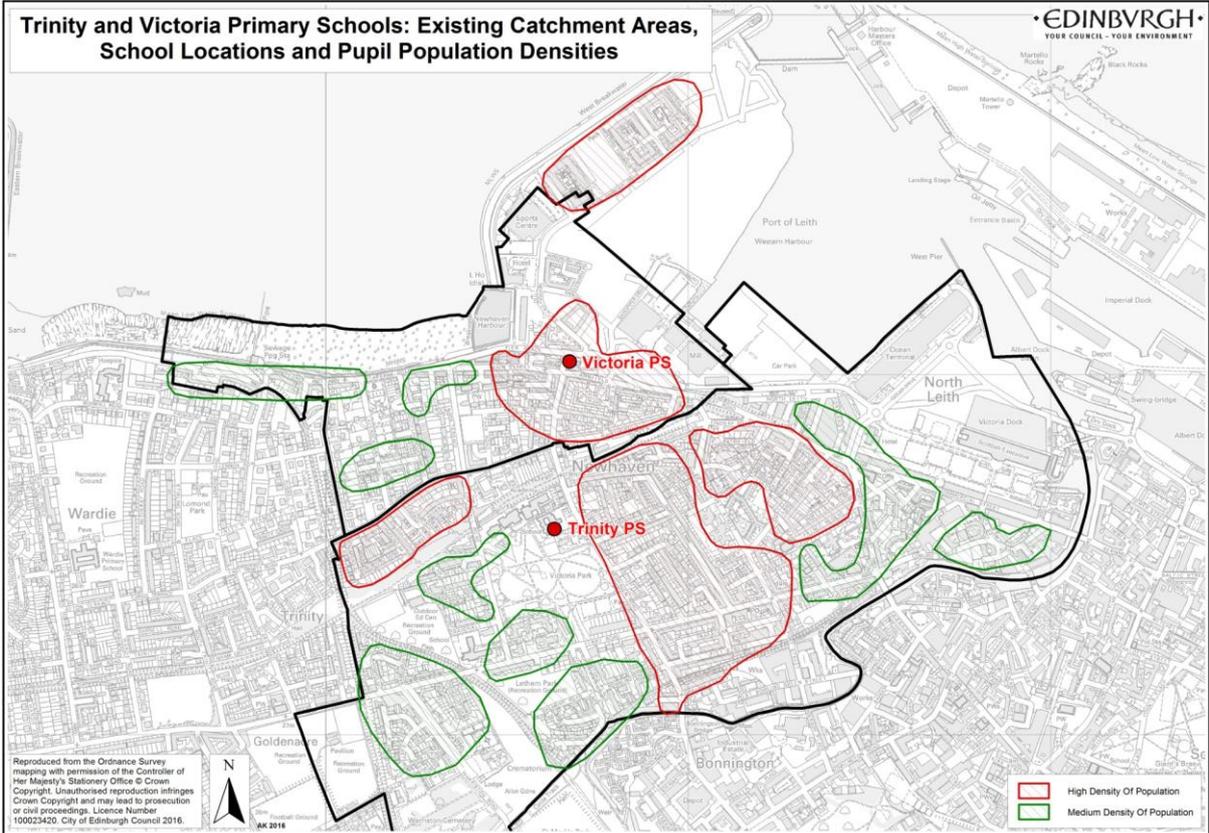
Tell us your views: public consultation period closes 5pm on Friday 17 March 2017

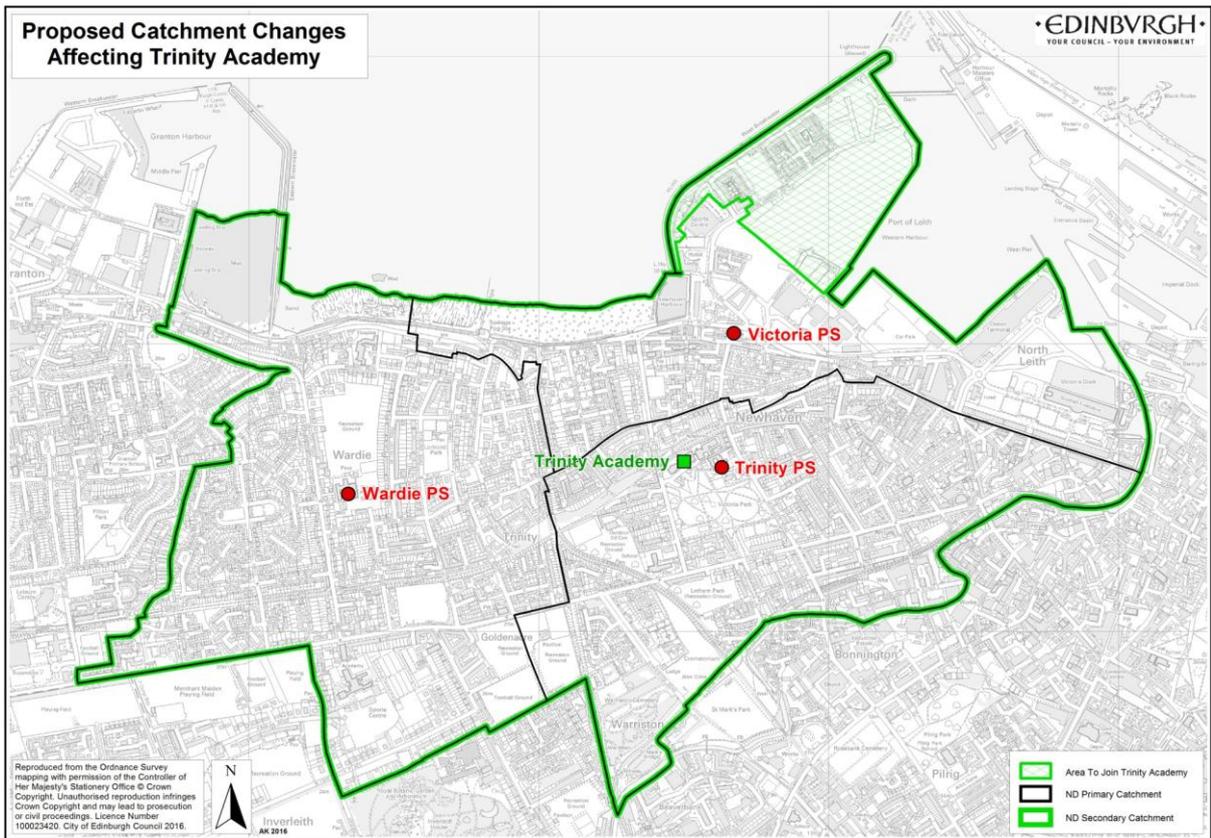
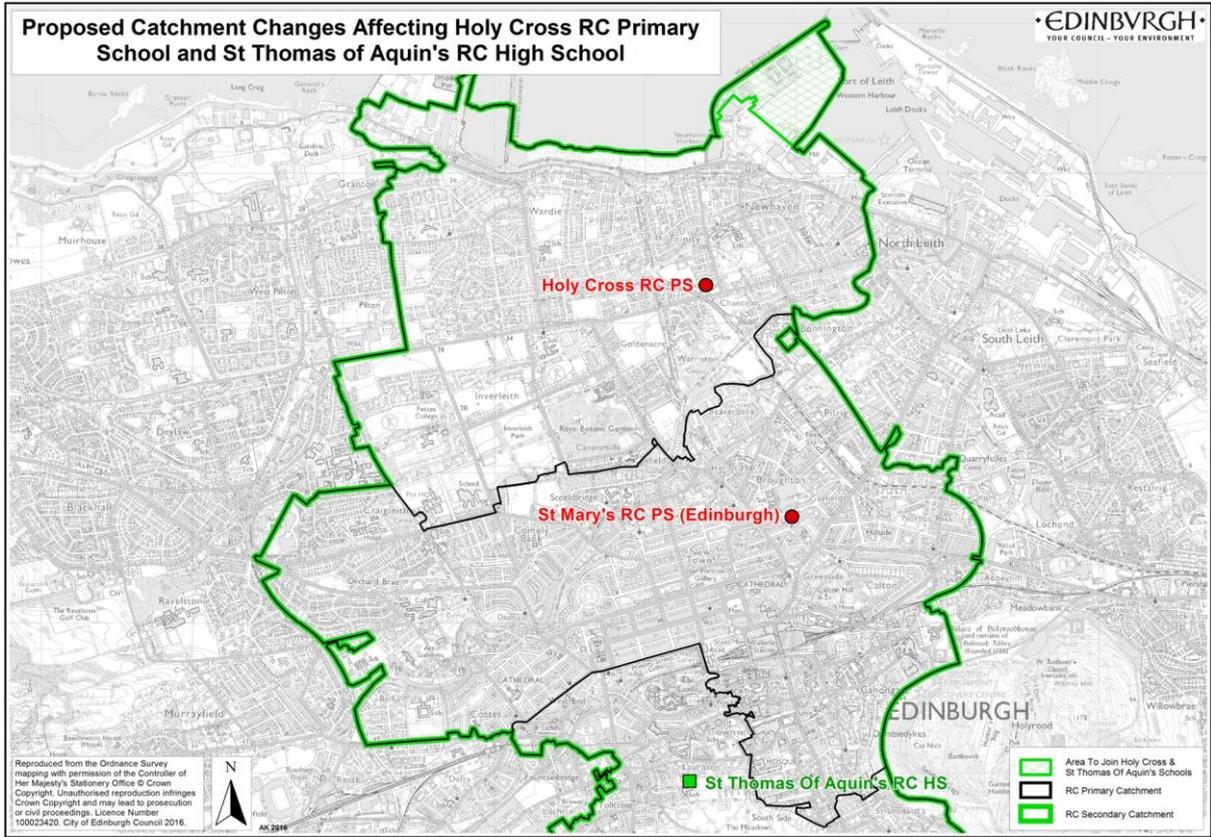
It would be helpful if you could take time to complete our short survey – you can find it easily online at www.edinburgh.gov.uk/newvictoriaschool. If you don't have internet access then you can view the full consultation paper at one of the affected schools, Leith Library, Central Library or the Council Offices at Waverley Court.

You can also email comments to us directly at new.victoriaschool@edinburgh.gov.uk or if you prefer they can be posted to:

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

All comments should arrive by 5pm on Friday 17 March 2017.





List of affected addresses

The addresses listed below are properties which were registered with the Council as at January 2016 and will be directly affected by the proposals. For confirmation of which catchment area will apply to properties not listed below please refer to the proposed catchment area maps in Appendices 4, 5 and 6 or email new.victoriaschool@edinburgh.gov.uk or call 0131 469 3161.

The first table below shows the addresses affected by the proposed transfer of a section of the Trinity Primary School catchment to Victoria Primary School. The second table shows all the addresses in the northern and eastern section of the Western Harbour affected by the establishment of catchment boundaries for non-denominational, Roman Catholic, primary and secondary school provision.

Proposed Transfer from Trinity Primary School to Victoria Primary School

Street	Properties
Commercial Street	67, 72, 74, 76, 78, 80, 82, 84, 86, 88, 92, 96, 98, 102, 104, 106, 108, 110, 112, 142, 144, 146, 148, 150
Dock Place	1A, 1C, 2, 3, 6, 11, 12, 12A, 14
Lindsay Road	195, 196, 197, 198, 199, 200
North Leith Sands	1, 3, 4, 6, 7, 8, 9, 10, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25
Ocean Drive	100, 101, 102, 116, 118, 120
Portland Gardens	1, 2, 3, 4, 5, 6, 7, 8, 9A
Portland Row	1, 2, 3, 4, 5, 6, 7, 8A, 8B, 8C
Rennie's Isle	1, 5, 6, 7, 9, 10, 11, 13, 14, 15, 16, 17, 18, 19, 20, 21
Sandport	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17
Victoria Quay	1

Addresses in Western Harbour to be aligned with Victoria Primary School, Holy Cross RC Primary School, Trinity Academy and St Thomas of Aquin's RC High School

Street	Properties
Western Harbour Breakwater	1, 2, 3, 8, 9, 10, 11
Western Harbour Midway	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11
Western Harbour Place	2, 4, 6
Western Harbour Terrace	2, 4, 6, 8, 10
Western Harbour View	1, 3, 5, 7, 9
Western Harbour Way	1, 3, 5



HAPPY TO TRANSLATE

ترجمہ کے لئے حاضر آئندہ کے ساتھ انوباد کرنا

يسعدنا توفير الترجمة MOŻEMY PRZETŁUMACZYĆ 很樂意翻譯

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

Public Consultation Meeting held at 6.30 pm, Tuesday, 21 February 2017, Trinity Primary School, Edinburgh

Present: Approximately 30 members of the public

In Attendance: Tom Wood (Independent Chair), Councillor Cammy Day (Convener of the Education, Children and Families Committee), Crawford McGhie (Acting Head of Operational Support, Communities and Families), Robbie Crockatt (Acting School Estate Planning Manager, Communities and Families), Ben Wilson (Development Plan Manager), Ian Tame (School Estate Planning Officer), Elaine Watson (School Estate Planning Officer), Therese Laing (Quality Improvement Officer, Communities and Families), Jacqueline Scott (Head Teacher, Trinity Primary School), and Laura Millar (Committee Services).

1. Introduction

Councillor Cammy Day, Convener of the Education, Children and Families Committee welcomed everyone to the consultation meeting and advised that this would be the first of two meetings on this proposal. He stated that due to housing developments anticipated in the Western Harbour area, the current Victoria Primary School did not have sufficient capacity to meet existing or future demand for places. Trinity Primary School would also not be able to accommodate the level of housing development proposed within its catchment area.

Councillor Day hoped that the proposals presented would meet the needs of pupils and parents in the local community. Officers were present to answer questions; Councillor Day assured parents that if officers were unable to give an immediate answer, they would issue a response as quickly as possible. Councillor Day then handed over to Tom Wood, independent chair of the meeting.

Tom Wood introduced himself and advised that he had been invited by the City of Edinburgh Council as an independent person to chair the consultation meeting. The consultation was based on the proposal to relocate Victoria Primary School to a new building in the Western Harbour.

The Schools (Consultation Scotland) Act 2010 required the Council to conduct a public consultation ahead of a report on the proposals going to the City of Edinburgh Council for consideration in June 2017. The public consultation would provide people with the opportunity to express their views and feed directly into the consultation process.

Members of the audience were advised that this was the first of two public consultation meetings. The second meeting would be held on Monday, 27 February, 2017 from 6.30pm until 8.30pm at Victoria Primary School. Reassurance was given that no decision had been made in terms of the proposed changes, and the consultation process would encompass the views of parents and the public to ensure that the final decision would reflect these views. A decision would be taken by elected members at the meeting of the Full Council in June 2017. The decision would be based on a report that incorporated all the views expressed by parents and members of the public.

Officers that represented the Council were introduced and a presentation was given, as described below.

2. Presentation/Proposal

Robbie Crockatt (Acting School Estate Planning Manager, Communities and Families) delivered a presentation that provided some background information on the reasons behind the proposal to relocate Victoria Primary School to a new building in the Western Harbour.

Requirement for Change

The roll at Victoria Primary School has increased steadily; as a result, the existing building no longer has sufficient capacity to meet existing needs. This would be exacerbated further by the expansion of housing within the Western Harbour area of around 1,860 homes.

Trinity Primary School had also been affected by expansion of housing and the closure of the Fort Primary School. The school will increase from 19 to 21 class rooms in August 2018. Demand is also projected to increase further by the earmarking of land for housing development around central Leith Waterfront and Ocean Terminal with approximately 2,000 homes forecast.

Proposal

Mr Crockatt reported that, in December 2016, the Council agreed that a statutory consultation proposing the relocation of Victoria Primary School to a purpose built facility within the Western Harbour area should take place. The new facility would initially host 14 primary classes and 40 nursery places with potential to increase the number of classes by 7 should that ultimately be required. There would be no changes to secondary catchments.

The indicative master plan of the Western Harbour showed that the footprint of the new Victoria Primary School would be around 1.2 hectares, a large increase from the existing site of 0.37 hectares. The design of the new school building and the services it provides would be the subject of further consultation with the local community and pupils.

Trinity Primary School's catchment runs to the North of Leith, covering Victoria Quay. Should the new build progress it is proposed that the catchment boundary between Victoria Primary School and Trinity Primary School would be realigned so that Victoria Primary included the North Leith area effective from the November prior to the new building school opening.

If the current proposal is approved by Council in June 2017 the catchment areas of Victoria Primary School, Holy Cross RC Primary School, St Thomas of Aquin's RC High School and Trinity Academy would immediately be extended to incorporate the full extent of the Western Harbour development, the northern section of which is currently not covered by any catchment area.

It is anticipated that the new school would open in August 2020; all classes would relocate to the new Victoria Primary School. Siblings of pupils at Trinity Primary School at the time of the catchment change would be guaranteed a place at Trinity Primary School.

Next Steps

A second public meeting will be held at Victoria Primary School on Monday, 27 February 2017. The statutory consultation will conclude on 17 March 2017. All comments made during the statutory consultation period will be recorded and represented in a final report which it is anticipated will be considered by the Council in June 2017.

3. Questions/Comments

Question 1 – We have recently moved to Western Harbour and have a baby who will start at Nursery before the new Victoria Primary School Nursery is open. Will there be places at the new Nursery to transfer into as this would be more convenient?

Answer 1 – (Crawford McGhie) – Yes, I can see no problem with that. There will be spaces as it will be brand new.

Question 2 – Looking at the proposal, I think it is clearly laid out and reasonable. The roll at Trinity Primary School is increasing within the current catchment area. What is the projection for the future impact on Trinity Primary School and the accommodation of pupils? How will this feed through and affect the High School?

Answer 2 – (Robbie Crockatt) – Trinity Primary School is not projected to exceed 21 classes, assuming the proposal goes ahead and the catchment changes are made. Part of the reason the Trinity roll has increased has been to accommodate pupils affected by the closure of Fort Primary School which has now plateaued.

In terms of citywide trends, birth rates, which are a large driver in growth, have levelled off. Areas experiencing significant growth are places where there are housing

developments. To accommodate rolls in Trinity Primary School, we need to deliver an additional 2 classrooms. A rising rolls working group has been established to look at this issue and what this might mean for the school.

We are developing the proposal for 2 additional classrooms and anticipate these will be delivered in August 2018. We will review this requirement based on the 2017/18 roll numbers' at the moment it looks like the additional classrooms will be needed.

For Trinity Academy, the projections will be affected by the numbers that come forward from new housing developments but not to the same extent as Primary level. There are a number of reasons for this. Firstly, Trinity Academy has large numbers of non-catchment pupils within its numbers, accounting for around one third of the school. As demand for catchment places increases, the number of places available for non-catchment pupils will reduce. There is therefore scope for increased numbers of catchment pupils.

Secondly, the effect of new housing developments on secondary schools tends to be delayed as people move to these areas before the start of primary school, therefore having more impact at early years levels. People moving to these developments will often already live in Edinburgh and may not wish to move children already in secondary school.

(Crawford McGhie) In terms of buildings aspects of Trinity Academy, it is one of four schools where we are carrying out building surveys to investigate replacement or refurbishment options should funding become available in the future.

The core facilities have also been identified as insufficient for current capacity. As part of our feasibility study, this will be taken into consideration when asking for short-term investment for these facilities and would be managed to co-ordinate with any future investment.

We will also examine the campus arrangements between the two schools as has been the arrangement at James Gillespie's between the Primary and High School.

Comment – We welcome the consultation and options presented which supports the views of the Parent Council. We would also like the current, poor condition of Trinity Academy noted.

Question 3 – What would be the alternative if the Council were to reject the plan?

Answer 3 – (Crawford McGhie) At this stage, this is a proposal and will not be finalised until the City of Edinburgh Council Meeting in June 2017. All consultation questions will receive a response from officers and all responses and comments will be put before Elected Members for consideration. There seems to be support so far so we are

hopeful for Council approval. If the proposal was rejected by the Council, officers would have to consider other solutions as both Trinity and Victoria need new classrooms.

(Councillor Day) It is my role as a politician to convince the elected members who will vote on this matter. As of right now, nobody is against the proposal. Officers have worked from initial options to where we are now and the community, officers and Councillors all seem to be on the same page. I don't perceive any problems going forward.

Question 4 – For both Victoria and Trinity, how much weight is given to the outdoor play space?

Answer 4 – (Robbie Crockatt) Outdoor space is important. For Victoria, this is one of the driving factors as both the outdoor space and indoor facilities are small. Officers have been working with the Parent Council at Trinity to discuss the possibility of extending the existing play area to offset any loss as a result of installing additional classroom spaces. I can't provide any guarantees about if/when/how this would take place. We are also looking into the opportunities available from having such a large green area near the school.

Question 5 – What is the current size of the Trinity site in hectares?

Answer 5 - (Robbie Crockatt) I don't know, but can get back to you about this. The size of the site has benefitted from the inclusion of the secret garden area. We acknowledge that with the additional classroom space there will be a loss of play area due to the footprint of the new building and will consider how the quality of the surrounding space can be improved to offset this loss.

Tom Wood - For any questions that the Council cannot answer, we will take your details at the end and get back to you.

Question 6 – With the reduction of the outdoor space, how is this managed within the school?

Answer 6 - (Jacqueline Scott) – Rolls increased considerably over the past 10 years. The secret garden has helped provide more outdoor space. We have changed lunch times to stagger when the children go out so there is not too many at one time and to make best use of the dining hall. However, I insist that the whole school has the opportunity to get together as a community which they do at break time.

There does still seem to be a lot of space even with 520 children out in the playground at one time. It's about being creative and making the best use of the space, some pupils choose to spend time in the indoor courtyard; there is a football club in the main hall.

As a school, we are trying to think what would work best. I'd also like to point out that due to recent risk assessments, we have had to close the secret garden during breaks/lunchtime as this must be supervised by 2 members of staff which we do not have the capacity for.

Question 7 – Have you looked into the possibility for taking part of Victoria Park for the playground?

Answer 7 – (Robbie Crockatt) – We are looking at the area behind the school and whether there would be any way we could use part of the park. There are hurdles with the parks status as it is a public amenity and it comes under the Common Good. Any proposal for including part of the park would have to be a community effort which is why I'm working alongside the Parent Council to investigate this.

Any physical structure on the park is currently not part of the proposal and it is anticipated would draw a large amount of objections. We are going to meet local Community Groups to discuss how this could work and any issues around it.

Question 8 - As someone from the Victoria catchment area, the new school looks fantastic for the area. Development at the Western Harbour is going to have an impact on the Newhaven community. In the proposals, it was detailed that the old Victoria Primary would be sold to help finance the new building, is there any possibility that it could be retained to use as a Community Hub?

Answer 8 – (Councillor Day) I have met with a number of Community Groups, Parent Councils and Council Officers to investigate the possibility of using the building as a community hub, for me it's a no brainer for the Newhaven area. This will be addressed in the paper coming back in June. If we can get the various groups registered as a body to apply to have the building released as a community asset transfer, I would fully support this.

(Robbie Crockatt) A strength of Victoria Primary is the surrounding community and ethos which we want to take to the new school. We are keen to have a consultation with the community on the design of the new school and what can be done with the old building to ensure the needs of the area are met.

Question 9 – Is the timescale realistic for the planning application, design, construction etc? How much slippage has been factored in?

Answer 9 – (Crawford McGhie) The timing is reasonable based on experience with previous projects. There could be issues in any project of this size which would incur delays but it's reasonable. Initial designs are already being taken forward as far as possible without pre-judging any decision to be taken in June.

Question 10 – What will happen to siblings of non-catchment pupils at Trinity Academy?

Answer 10 - (Robbie Crockatt) There is a pecking order in which catchment pupils are given priority followed by non-catchment with siblings then non-catchment. This is specified in application forms that there is no guarantee of a place for siblings if your child is granted a place in a non-catchment school.

Question 11 – How aware are parents of non-catchment pupils that there is no sibling guarantee?

Answer 11 - (Robbie Crockatt) As secondary schools tend to have lower rolls at present, there is more scope to move to a non-catchment school. However, rising rolls has resulted in a greater awareness of reducing capacity and no guarantee that non-catchments siblings will be granted a place.

Comment – Can we make a plea to plan for the wave of non-catchment pupils now rather than later.

Question 12 – How can you guarantee the new school building will be safe?

Answer 12 - (Crawford McGhie) The construction of the new school building will be subject to statutory building standards. The Council are developing an action plan to address all the recommendations within the report on PPP Schools, therefore there is increased scrutiny on building projects.

Question 13 – Speaking as an employee at Boroughmuir High School, we have been informed that the new building does not have sufficient capacity for the demand. There is a lot of pressure on secondary schools from non-catchment pupils and what I am hearing is that parents are supported by the Council when applying for non-catchment places. Often Head Teachers have to appear at Placing in Schools Appeals and it seems only recently that schools are winning the common case. This may be the case at Trinity Academy, can you expand on that?

Answer 13 - (Crawford McGhie) The national policy for out of catchments pupils is if the school has the capacity, requests for places must be granted. The amount of available places will reduce as catchment numbers increase.

Boroughmuir is more of an exceptional case in terms of demand for places. Over time the percentage of catchment pupils at Trinity Academy will increase. High school classes are taught in sets so must be in groups of no more than 20, therefore if an appeal is granted this can cause complexities.

(Robbie Crockatt) The Placing in Schools Appeal Committee are made up of an independent panel therefore the Council have no power over whether these places are

granted. It is the right of any parent to appeal against the decision to refuse a school place.

Question 14 – What will happen if there is no funding allocated for improvements to Trinity Academy? There was a swimming pool which has now closed; do you know what will be happening with that?

Answer 14 - (Crawford McGhie) If there was funding available for school replacement/refurbishment, this would be allocated to schools based on priorities identified during feasibility studies. We are conducting these studies now so there would be plans in place should funding become available. Funding sources are through the Scottish Government's Future Schools Programme and the Council Capital Programme. There also is a budget in place to counteract the effects of rising school rolls. Committee decides how this money should be allocated annually based on pupil numbers and forecasts. We are now seeing this in effect at high school level and Trinity should be tapping into this. There is however no guaranteed funding at the moment for wave 4 schools.

Question 15 – Is there any deadline for when Trinity Academy will be refurbished?

Answer 15 - (Crawford McGhie) The feasibility study for Trinity Academy will conclude by June 2017 however there is no deadline for refurbishment/replacement until the funding becomes available.

Question 16 - What are the issues within Trinity Academy that need to be addressed? Is it the size of the building, the class rooms, the technology?

Answer 16 - (Crawford McGhie) There are 3 categories of issues in terms of buildings we use when looking at Schools. These are: the condition of the building (fabrics etc), sufficiency (i.e. the number of classrooms available to meet demand) and the suitability of facilities (i.e. the core spaces such as gym halls and social spaces).

The rising rolls budget is there to combat sufficiency; primary schools tend to use this money to invest in classrooms. Trinity Academy as with other high schools use this for investment in core facilities. The gym, dining hall and assembly room need investment and the swimming pool is closed. We would want to coordinate any investment with any available longer term funding should this come up. There is enough space for classrooms to deal with projections however this is not future proof.

Comment - This is not encouraging. From what you are saying there are problems which will take a long time to resolve. The children will be coming from a state of the art new primary school to a tired secondary school which may not provide a stimulating environment for learning.

(Crawford McGhie) In the shorter term, Trinity Academy is the secondary school in our estate most in need of rising rolls investment; the outlook is good in that sense. We have not yet concluded the prioritisation based on the feasibility studies yet but Trinity is certainly up there.

The Scottish Government will provide more funding so the work we are doing will ensure we are ready to make our bid when it becomes available. We have a very good track record when it comes to getting funding from the Scottish Government so it's not all doom and gloom.

Comment – I am on the Parent Council for Trinity Academy, we are engaging with the Council and are working well together. We obviously have to work within the budget we have but we are working together.

Question 17 – If Trinity Academy does pass the feasibility study and prioritisation, what would the timeframe for improvements or even a replacement be?

Answer 17 - (Crawford McGhie) It is impossible to say as this would depend on when we secured the funding. We are basing this on Government funding and the current Future Schools Programme concludes in 2020. Feasibility studies for a high school takes 4 years to complete, the government won't wait until 2020 to announce the next funding programme and we don't know if their criteria will change. We just have to be prepared.

Question 18 – Are catchment primary school pupils guaranteed a place?

Answer 18 - (Robbie Crockatt) There are no catchment areas for nursery places and entry in nursery does not guarantee you a place in the adjoining primary school. All accommodation plans are based on accommodating all catchment demands. If you are registered before the cut off date, you are guaranteed a place in your catchment school.

Question 19 – When speaking earlier about feasibility work, you mentioned examining the campus arrangements between the high school and primary school and sharing these facilities. Can you expand on that?

Answer 19 - (Crawford McGhie) If we were providing new core facilities at the high school i.e. new gym, dining hall, would there be scope for the primary school and wider community to access these at certain times? Officers are investigating how schools and parks could link up.

Question 20 – Would you be looking at the heating system?

Answer 20 - (Crawford McGhie) That would come under the refurbishment and would be examined under the longer term whole school plan.

Question 21 – What are the rolls at Wardie Primary School?

Answer 21 - (Robbie Crockatt) Wardie Primary School has been expanded but pupil numbers have dipped slightly in recent years in line with our projections.

Question 22 – Are Roman Catholic Schools considered?

Answer 22 - (Robbie Crockatt) Yes, Holy Cross Primary School is the Roman Catholic catchment school for the area. As part of the Local Development Programme, it was identified that 2 extra classes were required; we are discussing with the School how to deliver this. The impact on St Thomas of Aquin's High School is not quite as great but we will continue to monitor rolls.

Question 23 – Why would minor changes to the catchment areas come into effect immediately?

Answer 23 - (Robbie Crockatt) The Western Harbour area development would officially become included in the catchment area for Victoria Primary School. This can happen immediately as pupils in this area are already treated as catchment pupils and it does not affect the proposal for the new school so no reason to delay this aspect. The catchment boundary between Victoria Primary School and Trinity Primary School would not change until the November prior to the completion of the new school.

Question 24 – The catchment for the new flats and houses in North Leith is Trinity at the moment. Could this cause a minor increase in numbers for a couple of years depending on how quickly the new houses are built?

Answer 24 - (Robbie Crockatt) Any application for new houses is not expected soon so having the new school in place by 2020 would be sufficient to capture these people.

(Ben Wilson) Any housing would be built in phases so we wouldn't suddenly have a flood of people at one time, it generally takes 18 months from work starting on site to people actually moving in. The land in question is also mixed use so would be used for offices as well as homes.

Question 25 – I cycle in the area and have noticed many of the buildings in the Western Harbour area are used as party flats. How confident are you that the new development will be for families?

Answer 25 - (Robbie Crockatt) There are a number of pupils coming forward from the development already as it currently exists. We expect it to continue to develop in that way.

Comment – We live in the area and the developers do have strict rules in place regarding leasing of flats and use for airbnb. There is an active community forum for all residents. The flats which are used for rentals are in the furthest away block.

Question 26 – Are the core facilities still sufficient for the rising school roll?

Answer 26 - (Robbie Crockatt) Yes and, while the focus of the rising rolls budget is classroom space, here it has already been used to extend dining facilities.

(Jacqueline Scott) We manage our space in the school by using all areas, not necessarily just classrooms. We also make use of the space outside the school and in the local area. As Head Teacher, I would always want more space but we are making best use of what we have and are looking at how to teach children in 2017. At one time, we would have had separate IT suites but these are now incorporated into classrooms, we have to keep looking at the changing need of education.

Question 27 – What is the future of the old Victoria Primary School building?

Answer 27 - (Councillor Day) I am having a meeting with various local groups to examine taking the building on for community use. The scout group, after school clubs, early years projects and the museum are looking into developing a business plan for this. The Council will need to have something back in exchange for the building whether this is a capital receipt or a community asset transfer and officers have met with groups to support them doing so. I would encourage everyone to get involved with this.

Question 28 – There were plans for a new school years ago which fell through with the property crash, do developers have any responsibility to provide funding for this increase in roll?

Answer 28 - (Ben Wilson) Where there is significant growth planned which would put pressure on existing infrastructure, the Council can seek contributions or land for schools from developers. If the contribution sought is too high it may not make the development viable. The developer makes a contribution but often this will not meet the full cost of the project.

Final Comments

Councillor Day thanked everyone for coming along and reiterated the report on the proposal will come to Council in June 2017.

He highlighted that most issues raised tonight have been regarding investment in Trinity Primary and Academy. Councillor Day has asked to meet with the Deputy First Minister to discuss Edinburgh's need for funding for Schools, based on recent surveys, Trinity Academy should be at the top of the list.

He would like to encourage everyone to sign up to the campaign to maintain the old Victoria Primary School building for community use.

5. Conclusion

Councillor Day thanked everyone for attending and for their high quality contributions and questions. The Council was keen to hear the views of the community and all views/comments would be reflected in the report to the full Council which would be considered in June 2017. Written submissions were also encouraged on the proposed options and all feedback would be considered.

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

Public Consultation Meeting held at 6.30 pm, Monday 27 February 2017, Victoria Primary School, Edinburgh

Present: Approximately 90 members of the public

In Attendance: Tom Wood (Independent Chair), Councillor Cammy Day (Convener of the Education, Children and Families Committee), Crawford McGhie (Head of Operational Support, Communities and Families), Robbie Crockatt (Acting School Estate Planning Manager, Communities and Families), Maria Plant (Quality Improvement Officer, Communities and Families), Alison Kirkwood (Planning Team Manager), Laura Thompson (Head Teacher, Victoria Primary School), and Stuart McLean (Committee Services).

1. Introduction

Councillor Cammy Day, Convener of the Education, Children and Families Committee welcomed everyone to the consultation meeting and advised that this is the second of two meetings on this proposal. He stated that due to housing developments anticipated in the Western Harbour area, the current Victoria Primary School did not have sufficient capacity to accommodate existing or future demand for places. Trinity Primary School would also not be able to accommodate the level of housing development proposed within its catchment area.

Councillor Day hoped that the proposals presented would go some way towards meeting the needs of pupils and parents in the local community. Officers were present that would be able to answer questions that arose from parents, and Councillor Day assured parents that if officers were unable to give an immediate answer they would get back to parents as quickly as possible. Councillor Day then handed over to Tom Wood, independent chair of the public consultation.

Tom Wood introduced himself and advised that he had been invited by the City of Edinburgh Council as an independent person to chair the public consultation meeting. The consultation was based on the proposal to relocate Victoria Primary School to a new building in the Western Harbour.

The Schools (Consultation Scotland) Act 2010 required the Council to conduct a public consultation ahead of a report on the proposals going to the City of Edinburgh Council for consideration in June 2017. The public consultation would provide people with the opportunity to express their views and feed directly into the consultation process.

Members of the audience were advised that this was the second of two public consultation meetings. The first meeting had been held on Tuesday, 21 February, 2017 at 6.30pm until 8.30pm at Trinity Primary School. Reassurance was given that no decision had been made in terms of proposed changes, and the consultation process would encompass the views of parents and the public to ensure that the final decision would reflect these views. A decision would be taken by elected members at the meeting of the Full Council in June 2017. The decision would be based on a report that incorporated all the views expressed by parents and members of the public.

Officers that represented the Council were introduced and a presentation was given, as described below.

2. Presentation/Proposal

Robbie Crockatt (Acting School Estate Planning Manager, Communities and Families) delivered a presentation that provided some background information on the reasons behind the proposal to relocate Victoria Primary School to a new building in the Western Harbour.

Requirement for Change

The roll at Victoria Primary School has increased steadily; as a result, the existing building no longer has sufficient capacity to meet existing needs. This would be exacerbated further by the expansion of housing within the Western Harbour area of around 1,860 homes.

Trinity Primary School had also been affected by expansion of housing and the closure of the Fort Primary School. The School will increase from 19 to 21 class rooms in August 2018. Demand is also projected to increase further by the earmarking of land for housing development around central Leith Waterfront and Ocean Terminal with approximately 2,000 homes forecast.

Proposal

Mr Crockatt reported that, in December 2016, the Council agreed that a statutory consultation proposing the relocation of Victoria Primary School to a purpose built facility within the Western Harbour area should take place. The new facility would initially host 14 primary classes and 40 nursery places with potential to increase the

number of classes by 7 should that ultimately be required. There would be no changes to secondary catchments.

The indicative master plan of the Western Harbour showed that the footprint of the new Victoria Primary School would be around 1.2 hectares, a large increase from the existing site of 0.37 hectares. The design of the new school building and the services it provides would be the subject of further consultation with the local community and pupils.

Trinity Primary School's catchment runs to the North of Leith, covering Victoria Quay. Should the new build progress it is proposed that the catchment boundary between Victoria Primary School and Trinity Primary School would be realigned so that Victoria Primary would include the North Leith area effective from the November prior to the new school building opening.

If the current proposal is approved by Council in June 2017 the catchment areas of Victoria Primary School, Holy Cross RC Primary School, St Thomas of Aquin's RC High School and Trinity Academy would immediately be extended to incorporate the full extent of the Western Harbour development, the northern section of which is currently not covered by any catchment area.

It is anticipated that the new school would open in August 2020; all classes would relocate to the new Victoria Primary School. Siblings of pupils at Trinity Primary School at the time of the catchment change would be guaranteed a place at Trinity Primary School.

3. Questions/Comments

Engagement/Consultation

Question 1 – We were informed when we purchased our property that the development of a new school would not happen for at least 4 years, this was 4 years ago. We were not told of this meeting, and were only notified in passing by neighbours which is distressing as the site is directly opposite my property.

When are the plans going to be available to comment on?

Answer 1 – (Crawford McGhie) – The redevelopment of Western Harbour has been a longstanding project. The site for the school was identified in 2001. The Master plan has reflected this intention for a school development since that time.

We have a statutory obligation to consult and notify certain people which we have done. This meeting was advertised to the community by Community Councils and notices in Council properties, including libraries and adverts in the press. All statutory obligations have been met.

Question 2 – I live directly opposite the site, why didn't you put letters through the doors of those directly affected? It is a fluke I am here.

Answer 2 – (Alison Kirkwood) From a planning point of view the site of the school is shown in the Local Development Plan.

This consultation is part of the wider education process. When a new school is built there will be a planning application, which will refer to the material to be used and access to the site. People are welcome to comment on the details of the application as and when they are available.

Permanent new built annex

Question 1 - In 2014 we tried to highlight the flawed statistics used to justify building the new annex. The Council were sure that the new building would alleviate pressure within the existing building. We were sceptical of this approach and asked if it would not be better to build a new school. How did the 'new' statistics come to light and why are they different from the 'old'?

Answer 1 – (Robbie Crockatt) In 2014 we examined the existing and projected school roll and recognised the need to increase classroom provision at the school [Victoria Primary School]. We came to the conclusion that we should expand the existing school. This decision was taken in consultation with the Parent Council. At this time the community was split on building a new school and expanding the existing one.

We are now at the stage where we cannot extend the existing school, the site is too small. The facilities are limited and restrict the learning and teaching that can take place. We feel now is the right time for a new school. In 2014 we respected the demand of the community to expand the existing school, this is no longer an option.

Question 2 - At the time of the new building we were told this would last for 60 years. Why undertake this expense when only 3 years later we are looking at moving to a new school, why was something more temporary not considered?

Answer 2 – (Robbie Crockatt) 60 years is a long period of time, I don't recall that conversation. At that time there were 2 options, either a permanent annex or temporary accommodation. We reached the conclusion that a more robust, quality annex was the best option.

Question 3 – If plans were in place for a new school why was the decision not taken to build a new school 2 years ago when the new annex was built?

Answer 3 – (Crawford McGhie) At that time we were dealing with certain circumstances, the housing market hadn't picked up and the Local Development Plan was not final. We are now in a position to adopt a strategic, long term approach to the issues faced.

Existing Victoria Primary School

Question 1 - I live across from the existing school; do you anticipate this will be expanded?

Answer 1 – (Crawford McGhie) Yes, short term we feel there is an expectation to provide temporary accommodation at this school by August 2018. This would involve a planning application which you would be welcome to comment on.

Question 2 – Victoria Primary School is highly regarded as a real community school with a strong sense of community ethos.

- What guarantee is there that the additions to the existing school will be built to a high quality considering the budget constraints the Council is currently facing?
- Will the school culture be affected by expansion to a three stream school?
- We have been told the existing school would be retained for community use, yet we are also being told the site will be sold to pay for the new school, which one is correct?

Answer 2 – (Crawford McGhie) There have been very public issues around the finish of some of the existing school estate. The quality of the finish in any new school will be as good as it has to be.

There is some capital within the existing site but the sale of this is not key to financing a new school, we hope to encourage the community to take ownership of this property as part of the community asset transfer process. The proposed new school is part of a bigger programme associated with the Local Development Plan.

The funding package for the existing and new school will be determined by the Council.

(Maria Plant) – We recognise the work the teachers do, especially when a new family joins the school community. Staff work to ensure all children are made to feel welcome and ensure they feel part of the school community. There is an opportunity to make time in a larger school to gather in smaller groups, we don't want to lose the community feel of this school.

(Laura Thomson) – I started here 10 years when there were 90 students, we now have 250. The culture has not changed during that time. I have confidence that the staff and the community will work together to take the ethos of a village school to any new site.

Question 3 – Who has responsibility for the existing building, will this be allowed to sit empty, vacant and not be looked after like many of the original buildings in Newhaven?

Answer 3 – (Crawford McGhie) Community and Families would continue to have responsibility for this building until such a time as it was declared surplus. It then falls to Estates to make it available to the market. Councillors and Officers have made a commitment to work with the community to develop plans for this building.

Trinity Academy

Question 1 – The Council's own figures project an increase of the school roll by around 100, yet are proposing 3000 homes by 2026. I am not against the proposal but I am worried roll projections are conservative.

- Further housing developments are envisaged at the Fort and Trinity, how will this affect Trinity Academy?

- You have got the school rolls wrong in the past, is the site large enough to host a 3 stream school?
- The existing building is valued at £0.8m, is this not merely stripping assets from the Council?

Answer 1 – (Robbie Crockatt) The projected school rolls for Victoria Primary School run until 2026, a lot of housing development has been identified in North Leith however this will be developed over a much longer period. The projected school roll, until 2026, doesn't reflect the full nature of this development. The delivery of these houses could take to 2030 as set out in the Local Development Plan.

The projections are worked on with colleagues in Planning and reflect increases in school rolls of existing and new developments. We are confident the projected numbers are right but these are projections, using what we know now.

However, if we have underestimated the rolls there is flexibility such as potential to expand the new school to a three stream facility. We have built flexibility into the master-plan rather than adding bits on as and when required.

In terms of the valuation of the existing site, this is established by colleagues in Estates and is based on the market value, the fact that it is a listed building and the restrictions this places on the future development of it.

(Crawford McGhie) Trinity Academy currently has a large percentage of out of catchment pupils, as numbers of catchment pupils rise the number of non-catchment pupils able to go into Trinity will reduce.

The current projections suggest that school roll limits will be breached at Trinity Academy by 2023. Trinity is a restricted site, short term investment could be combined with long term funding to refurbish the entire school. However, there is no funding for this at the moment but we expect this to be available in the future.

Long term, strategic planning is currently underway to address the rising school roll at Trinity Academy. We are also preparing for another round of Scottish Government funding and are looking at a 4 school cluster to establish where any future resources could be spent.

New developments will inevitably mean that new people are moving into the area in advance of their children starting school. Young families tend to move to new properties; however there is a time lag before that will impact directly on secondary schools. A lot of people are already within Edinburgh, will have children at schools and don't want to move, therefore the impact on secondary schools is not as great as early years.

Question 2 – What is the current roll at Trinity Academy?

Answer 2 – (Crawford McGhie) As of September 2016 there are 812 pupils at Trinity Academy, over a third of which are out of catchment pupils. There remains space at Trinity for catchment pupils.

The money required to build a new school is part of much wider strategic programme, some budget aligned with Local Development Plan is in place. The cost of a new school is around £12m, we are confident the money will be secured.

Shape and design of Housing Development

Question 1 – Given the number of flats being built we would anticipate young professionals moving into the area. We have since been told that due to the cost of housing in Edinburgh these smaller units will be occupied by families. Is retaining Victoria Primary School an option, while accommodating other kids at the new site?

Answer 1 – (Robbie Crockatt) The proposal is that Victoria Primary School would move to the new site with other, as yet to be determined, uses for the existing building. There are families moving into flats at the Western Harbour developments which are affecting Victoria Primary School.

At the moment the school roll is 250, a double stream school would be a healthy population and would allow growth. If we built a school for the Western Harbour area alone it would be a small school.

Additional costs would be incurred from running 2 smaller schools close together. There would also be further complexities regarding catchment areas and where boundary lines would be drawn.

Developer contributions

Question 1 – The development of Western Harbour started 15 years ago, a school was meant to be built during this time. The new plan doesn't seem coherent?

Answer 1 – (Crawford McGhie) The proposals for a new school were being developed during that time, however the financial crisis in 2007 put that on hold, it also affected the financial contributions from the developers for the new school. Some funding for the new school will come from developers but not all of the costs. The position is complicated due to the fact that the Council is bound by legal agreements set up all these years ago.

As part of the strategic plan, we believe developing a new school will offer greater benefits to the school and staff and will also be flexible enough to support rising rolls. It is the best strategic approach.

Question 2 – Why are the Council still bound by agreements signed many years ago? The school wasn't developed.

Answer 2 – (Alison Kirkwood) Planning agreements are attached to outline planning applications. An outline planning application was submitted for Western Harbour in 2001; legal agreements established then still apply.

When detailed approvals are submitted under the terms of the outline permission, there is no opportunity for the Council to revisit the level of contributions until the original outline planning permission has lapsed. In the case of Western Harbour, the

outline permission runs until March 2019 . If there is a funding gap the Council will need to meet this.

Community lets and After School Clubs

Question 1 - Newhaven Scout Group have had a let in the school since 1910, will existing lets be transferred to the new school?

Answer 1 – (Councillor Cammy Day) Yes they will transfer.

Question 2 – As a member and organiser for Trinity Victoria After School Club can I ask what space would be available for after school clubs, as well as associated kitchen and office space?

Answer 2 – (Crawford McGhie) I would use the example of the new building at St John's. We have built space into the design for dedicated office space for after school clubs. The core facilities, kitchen, hall, gym etc would be available to after school clubs.

The crucial thing is that the office space would be smaller than a class room, which means that after school clubs won't lose space if an additional classroom is required. Building sustainable space for after school clubs is an important element of any future design.

Design and footprint of new Victoria Primary School

Question 1 – You have said that the plot size would allow for a three stream school, yet the foot print doesn't seem large enough to allow this. The Scottish Government is enthusiastic to ensure that outdoor space is available to encourage children to be active.

Has any consideration been given regarding the sports facilities, would you consider installing a 3G astro-turf pitch that could be used by the wider community? There would also be scope for this to be self funding if adequate lighting was installed.

Answer 1 – (Crawford McGhie) The size of any primary school is set out in regulation. The regulation states that for a school with a roll of 420 a site of 1.3 hectares should be used, however Local Authorities can seek approval from the Scottish Government to use a smaller site. We have sought approval for a site measuring 1.2 hectares.

In terms of sporting facilities we would design these in consultation with the local community. This could involve a 7 a side pitch, it is also across the road from a park which is currently being designed.

Question 2 – The sporting facilities should be attached, not separate from the school. I would also ask that lottery funding be considered for funding these facilities.

Why are the Council reducing the land and not using the required size of site as per Scottish Government recommendations?

Answer 2 – (Crawford McGhie) The site we have is determined by the master plan and is Forth Ports land. We will try and push to a 1.3 hectare site but at the moment we are guaranteed 1.2 hectares.

The 3G pitch at St John's will be open to the community, as per Council policy.

Question 3 – A number of years ago the Council said the ideal school roll for this new site would be 400. Has the Council revised its guidelines in this respect?

Also, can you continue to expand a primary school but still maintain a safe environment for pupils during the construction period and what contingency plans are in place if the funding is not available?

Answer 3 – (Crawford McGhie) We believe that the best size of the new school to be 420 double stream. If it was to be a triple stream school this would be around 620 pupils, however we believe a 2 stream model to be the most effective. Other models such as a four stream school as well as all through 3-18 do deliver high quality education, but in this instance a 2 stream will work well.

Trinity Academy has a capacity of 950; this is projected to be breached in 2023. We will look at ways to increase capacity if required.

Question 4 – Has a campus style facility been considered and where do you expect Trinity Academy pupils to go during the construction phase?

Answer 4 – (Crawford McGhie) The campus and all through school approaches are becoming increasingly popular. The current location at Trinity may lend itself to this approach, we will examine every opportunity to make schools aligned to allow greater interaction.

Feasibility studies suggest we don't have funding to replace 4 schools just now but we are getting ready for this if it becomes available. This process involves looking at all potential solutions. Some schools have scope for additional buildings such as Queensferry High School. Trinity is a smaller site and may not suit a campus approach but more work has to be done to firmly establish this.

The Council will look at opportunities for alternative sites; we don't expect this to be easy. We are not in ownership of any sites and may not have funding to secure land. We will look at all options; these options will be included within the report to Council in June 2017.

Any refurbishment at any school will involve decanting pupils to alternative facilities. We have experience of decanting pupils and are confident we can execute this if required in future.

Question 5 – What percentage of the site would be taken up if the new school was a 2 or a 3 stream? Is there scope to increase the nursery provision?

Answer 5 – (Crawford McGhie) I don't have a direct answer, it depends on the design of the school and whether it is a single, double or triple story building.

There is an ongoing review into early years provision within the city. This will consider the existing birth rates and the changes to increased hours in nursery provision.

Question 6 – The space available for the new school is limited, what thought has been given to the mix of buildings? There are a lot of developments in the pipeline, would it not make more sense to stop building houses until such a time as the infrastructure is in place? There is a severe lack of community facilities, what thought goes into limiting housing development building?

Answer 6 – (Alison Kirkwood) The master plan for the Western Harbour is one of mixed development, the creation of a local centre, smaller units such as cafes and dentists will also be developed to create a sense of community within the area. The Council wants to create a place, plans and supporting policies are there to facilitate this.

Developers can get permission but don't use it; we will work with Forth Ports to promote mixed use development. Plans are in place to develop mixed housing stock. What had been built in the past was generally 2 bedroom flats, this being a consequence of the time. As times have changed, the market has changed. The Council can only deal with applications as they are submitted; it is an ongoing challenge to encourage mixed use developments, we are aware of the issues and welcome feedback.

Question 7 – What about the height of the new school?

Answer 7 – (Alison Kirkwood). The Local Development Plan only identifies the site for the school. It is only when an application is submitted that this level of detail would be provided.

Question 8 – Do the Council own the land identified for the new school?

Answer 8 – (Alison Kirkwood) No, this is still to be purchased.

Traffic Management Arrangements

Question 1 – If there was always going to be a school at that plot, do you know what main access will be to the new school? The roads are too narrow and congested already, without a new, bigger school.

Answer 1 – (Crawford McGhie) No, not as yet. As the process develops this will be discussed and will involve traffic management arrangements.

Question 2 – We have been told that the future strategy was to move traffic away from the area, what measures would be put in place and how would this be enforced?

Answer 2 – (Crawford McGhie) The School Streets scheme has been piloted at some schools. This scheme to reduce traffic around pick-up and drop-off times tends to involve signage and enforcement by fines. These zones are being rolled out across the city. Only those holding a permit are allowed to enter.

Question 3 – There is no loop to allow effective traffic flow to and from the proposed school site?

Answer 3 – (Crawford McGhie) This issue has been faced by other schools where the pilot schemes has been developed.

Question 4 - The roads at the moment are not fit for purpose never mind the additional traffic associated with a larger school?

Answer 4 – (Crawford McGhie) Any new school route would undergo a traffic assessment to make sure infrastructure is correct and proper. It would also take into consideration the objectives of the school streets project; we would build this in from the start. We would also look at pushing traffic away from the school; this would be undertaken in consultation with the public.

Newhaven Museum

Question 1 – Newhaven is a village with a distinctive history which is greatly valued. The heritage museum at the harbour gives a sense of this being a special place. Some of the material previously exhibited is now housed in this school, but some have ended up in storage. Will there be an opportunity to safeguard the history?

Answer 1 – (Councillor Cammy Day) We would hope that the new school could host exhibits. The hope is to retain a sense of history in the new school; discussions to this effect are ongoing. I would hope the new school would host a Newhaven Museum, however there is no firm commitment to this but I would welcome a campaign to support this.

Education and Resources

Question 1 – Victoria Primary School has some of the most talented, hard working teachers within the Trinity Academy catchment area. I get the impression that they are being taken for granted and don't have adequate resources. What plans are in place to ensure they are adequately resourced?

Answer 1 – (Crawford McGhie) There is a formula in place regarding the resourcing of schools, these allocations are specifically aligned to a school, the more pupils the more staff and resources.

Transition to new Victoria Primary School

Question 1 – I have 2 daughters at this school, I have concerns about the capacity, where would the temporary accommodation be sited, would this result in a loss of playground and as such how would kids be active? Also, I don't believe that 2020 is an achievable target, what contingencies are in place?

Answer 1 – (Crawford McGhie) There is an established working group that involves the PTA and teachers to look at options to allow additional temporary class rooms to be introduced. This will result in a loss of footprint but we are working to minimise this.

There is a need for additional class rooms before the new school is open. Any proposals will be open for consultation. We will likely need the temporary solution from 2018.

We recognise that the schedule for completion is tight but we have done this in the past and are confident we can deliver the new school on time.

Further Engagement

Question 1 – Victoria Primary School PTA attended the Education, Children and Families Committee in December 2016. We have concerns that we were not consulted in advance of any options being launched. Parental views regarding the shape of the school are crucial to the success of it. Would Councillor Day welcome a meeting with the PTA and local MSPs?

Answer 1 – (Councillor Cammy Day) Yes.

Question 2 – The new Community Council is in its infancy which means we haven't had the time to fully consider the proposals or begin engaging with the wider community. The consultation is due to finish on 17 March 2017. The proposals, should they be agreed, will have significant consequences for Newhaven Village both historically and practically. Could the consultation be extended to reflect the concerns voiced here tonight?

Answer 2 – (Crawford McGhie) This consultation has been undertaken in a manner in keeping with the schools consultation act. The period will not be extended. I would invite all parties to feed into the consultation via the website or e-mail us directly. Should any material be submitted following the closure of the consultation we would consider it.

Further periods of consultation would be arranged around the design of the new school.

Question 3 – How much can the community articulate what they want to happen? The final design should not be based on what the developers and Forth Ports want. Community empowerment is there to help us articulate our voice.

Answer 3 – (Alison Kirkwood) This would be something for individuals to consider. I would imagine the best way forward is partnership working. Forth Ports are the largest owner of land in the area and it is open to individuals and community groups to contact them to discuss the future development of the area. i. The Council don't own the land so it also has to work with Forth Ports.

Planning Process

Question 1 – When will plans be available to look at? Robbie said it may be 2 storeys. We were told it would be 1; this would affect the outlook of many properties.

Answer 1 – (Crawford McGhie) Following consultation the proposals for a new school would need to go to Council before any plans could be progressed. If the proposals are approved in June 2017 we would expect to submit a planning application between 6-8 months later.

Question 2 – It is expected that flats would hold families but there were no flats within the original plan. How much of the master plan is coming up for re-examination?

Answer 2 – (Alison Kirkwood) Until something is built, revised proposals can be submitted. . There is nothing to stop the community contacting Forth Ports to discuss ideas for land at Western Harbour. .

The outline planning permission runs until n March 2019. However The Local Development Plan identifies all of Western Harbour for housing led regeneration. This also includes a park and a school.

Any new application submitted after 2019 would be assessed against the Local Development Plan and any other considerations.

Other

Question 1 – When will the park for the kids be built?

Answer 1 – (Alison Kirkwood) The park is part of the master plan and Local Development Plan. I'm not aware of any pressure to build on this land; Further conversations will be held with Forth Ports regarding the delivery of the aprk..

Final Comments

Councillor Gordon Munro outlined his support for continuing community access to the existing Victoria Primary School and recognised that there was some within the community that were feeling swamped by the amount of redevelopment at Newhaven.

Councillor Munro added that the new school had the potential to transform the area and that all elected members and the community should work together to ensure that the redevelopment was a success.

Councillor Cammy Day thanked people for attending and stressed the importance of community engagement in shaping what the new Victoria Priamry School would look like. While the consultation period ends on 17 March 2017 there will be further opportunities to lobby the Council such as when the report outlining the proposal is considered at the Council in June or when the planning application is formally submitted.

Councillor Day added that he appreciated that the proposals will not please everyone but the Council will try and meet the needs of as many people as possible.

Ben Macpherson MSP said he would like to meet with all interested parties and has written to the Scottish Government on behalf of Trinity Academy in an attempt to secure future, addition funding.

Mr Macpherson highlighted that the Scottish Government is currently undertaking a public consultation on the planning process and that this was open to 4 April 2017, adding that he would continue to work with Newhaven Action Group to promote what elements of the school design are important and to ensure the building works for the wider community.

4. Conclusion

Councillor Day thanked everyone for attending and for their high quality contributions and questions. The Council was keen to hear the views of the community and all views/comments would be reflected in the report to the full Council which would be considered in June 2017. Written submissions were also encouraged on the proposed options and all feedback would be considered.

Appendix 3 – Summary of Representations

Reference	Traffic, Parking and Safety	Western Harbour: Planning, the Environment and New School Design	New Victoria Site Size	Victoria Community, Identity and Ethos	Future Use of the existing Victoria Primary School building	Catchment Change	Alternative Options and Other Buildings	The Consultation Process	School Roll Projections	Secondary School Issues	Temporary Solutions at Victoria Primary School	Trinity Primary School
001, ANON-56DS-Y69F-G	X		X		X		X		X	X	X	
002					X							
003										X		
004		X	X		X							
005		X										
006					X							
007					X							
008	X		X				X	X				
009												
ANON-56DS-Y6VD-B												
ANON-56DS-Y6VH-F, ANON-56DS-Y6V9-Z		X			X							
ANON-56DS-Y6VR-S	X	X										
ANON-56DS-Y6VW-X												
ANON-56DS-Y6VK-J												X
ANON-56DS-Y6VQ-R		X										
ANON-56DS-Y6VJ-H												
ANON-56DS-Y6V8-Y												
ANON-56DS-Y6VZ-1					X							
ANON-56DS-Y6V5-V												
ANON-56DS-Y6VU-V					X							
ANON-56DS-Y6V3-T				X			X					
ANON-56DS-Y6VG-E	X		X									
ANON-56DS-Y6VY-Z	X											
ANON-56DS-Y6VM-M							X					
ANON-56DS-Y6VS-T					X							
ANON-56DS-Y6VA-8					X							
ANON-56DS-Y6VX-Y										X		
ANON-56DS-Y6VV-W							X					X
ANON-56DS-Y6RP-K, ANON-56DS-Y6SW-U										X		X
ANON-56DS-Y6RN-H		X										
ANON-56DS-Y6R6-S										X		
ANON-56DS-Y6RR-N										X		
ANON-56DS-Y6RT-Q							X	X			X	
ANON-56DS-Y6RW-T										X		X
ANON-56DS-Y6RK-E		X	X	X			X					
ANON-56DS-Y6RC-6	X		X									
ANON-56DS-Y6RQ-M												
ANON-56DS-Y6R9-V					X							
ANON-56DS-Y6RJ-D, ANON-56DS-Y6RZ-W					X							
ANON-56DS-Y6R8-U					X							

	Traffic, Parking and Safety	Western Harbour: Planning, the Environment and New School Design	New Victoria Site Size	Victoria Community, Identity and Ethos	Future Use of the existing Victoria Primary School building	Catchment Change	Alternative Options and Other Buildings	The Consultation Process	School Roll Projections	Secondary School Issues	Temporary Solutions at Victoria Primary School	Trinity Primary School
Reference												
ANON-56DS-Y6RB-5					X							
ANON-56DS-Y6R4-Q					X							
ANON-56DS-Y6R5-R												
ANON-56DS-Y6R3-P	X	X										
ANON-56DS-Y6RG-A												
ANON-56DS-Y6RY-V					X							
ANON-56DS-Y6RM-G	X	X										
ANON-56DS-Y6RA-4	X	X										
ANON-56DS-Y6R1-M					X							
ANON-56DS-Y6R7-T												
ANON-56DS-Y64E-A												
ANON-56DS-Y64P-N					X							
ANON-56DS-Y64D-9					X							
ANON-56DS-Y64T-S		X										
ANON-56DS-Y646-U												
ANON-56DS-Y64R-Q									X			X
ANON-56DS-Y64F-B	X											
ANON-56DS-Y64K-G					X	X		X	X			
ANON-56DS-Y64C-8												
ANON-56DS-Y64Q-P					X							X
ANON-56DS-Y649-X												
ANON-56DS-Y64J-F												
ANON-56DS-Y648-W												
ANON-56DS-Y64Z-Y												
ANON-56DS-Y644-S									X			
ANON-56DS-Y645-T												
ANON-56DS-Y643-R												
ANON-56DS-Y64G-C												
ANON-56DS-Y64Y-X												
ANON-56DS-Y64M-J												
ANON-56DS-Y64A-6												
ANON-56DS-Y64X-W									X			
ANON-56DS-Y64V-U												
ANON-56DS-Y641-P									X			X
ANON-56DS-Y642-Q												X
ANON-56DS-Y6SE-9												
ANON-56DS-Y6SP-M												
ANON-56DS-Y6SN-J												X
ANON-56DS-Y6SD-8	X									X		X
ANON-56DS-Y6SH-C	X											
ANON-56DS-Y6ST-R												
ANON-56DS-Y6S6-T												
ANON-56DS-Y6SR-P												
ANON-56DS-Y6SF-A										X		X

	Traffic, Parking and Safety	Western Harbour: Planning, the Environment and New School Design	New Victoria Site Size	Victoria Community, Identity and Ethos	Future Use of the existing Victoria Primary School building	Catchment Change	Alternative Options and Other Buildings	The Consultation Process	School Roll Projections	Secondary School Issues	Temporary Solutions at Victoria Primary School	Trinity Primary School
Reference												
ANON-56DS-Y6SK-F, ANON-56DS-Y67A-9												
ANON-56DS-Y6SQ-N												
ANON-56DS-Y6SC-7												
ANON-56DS-Y6S9-W												X
ANON-56DS-Y6S8-V					X							
ANON-56DS-Y6SB-6										X		X
ANON-56DS-Y6S4-R										X		
ANON-56DS-Y6S5-S										X		X
ANON-56DS-Y6SG-B												
ANON-56DS-Y6SY-W										X		X
ANON-56DS-Y6SS-Q		X										
ANON-56DS-Y6SA-5												X
ANON-56DS-Y6SX-V	X	X										
ANON-56DS-Y6S1-N					X							
ANON-56DS-Y69E-F												
ANON-56DS-Y69D-E							X					
ANON-56DS-Y69H-J	X											
ANON-56DS-Y696-Z	X											
ANON-56DS-Y69W-1				X			X					
ANON-56DS-Y69K-N				X	X							
ANON-56DS-Y69C-D	X											
ANON-56DS-Y69Q-U												
ANON-56DS-Y69J-M	X											
ANON-56DS-Y698-2, ANON-56DS-Y697-1		X			X							
ANON-56DS-Y69Z-4	X											
ANON-56DS-Y69B-C												
ANON-56DS-Y695-Y				X	X							
ANON-56DS-Y69U-Y			X		X		X	X				
ANON-56DS-Y69S-W	X								X	X		
ANON-56DS-Y69A-B		X		X								
ANON-56DS-Y69V-Z	X		X		X							
ANON-56DS-Y692-V	X		X				X		X			
ANON-56DS-Y69X-2					X		X					
ANON-56DS-Y6RD-7		X	X		X						X	
ANON-56DS-Y6BP-3					X					X		X
ANON-56DS-Y6BN-1										X		X
ANON-56DS-Y6BD-Q	X	X	X				X				X	
ANON-56DS-Y6BH-U	X									X		
ANON-56DS-Y6BT-7										X		
ANON-56DS-Y6BR-5									X	X		
ANON-56DS-Y6BF-S												
ANON-56DS-Y6BW-A										X		X
ANON-56DS-Y6BK-X					X							
ANON-56DS-Y6BC-P	X											

	Traffic, Parking and Safety	Western Harbour: Planning, the Environment and New School Design	New Victoria Site Size	Victoria Community, Identity and Ethos	Future Use of the existing Victoria Primary School building	Catchment Change	Alternative Options and Other Buildings	The Consultation Process	School Roll Projections	Secondary School Issues	Temporary Solutions at Victoria Primary School	Trinity Primary School
Reference												
ANON-56DS-Y6BQ-4												
ANON-56DS-Y6B6-9					X							
ANON-56DS-Y6B9-C												X
ANON-56DS-Y6BJ-W	X		X				X					
ANON-56DS-Y6B8-B												
ANON-56DS-Y6B5-8												
ANON-56DS-Y6B3-6												
ANON-56DS-Y6BU-8												
ANON-56DS-Y6BG-T												
ANON-56DS-Y6BS-6												
ANON-56DS-Y6B4-7												
ANON-56DS-Y6BM-Z												
ANON-56DS-Y6BV-9												
ANON-56DS-Y6B1-4		X										
ANON-56DS-Y6B2-5					X							
ANON-56DS-Y6B7-A												
ANON-56DS-Y67E-D												
ANON-56DS-Y67P-R											X	X
ANON-56DS-Y67N-P	X											
ANON-56DS-Y6BX-B							X					
ANON-56DS-Y67H-G									X			X
ANON-56DS-Y67T-V					X				X			
ANON-56DS-Y676-X												
ANON-56DS-Y67R-T												
ANON-56DS-Y67W-Y										X		
ANON-56DS-Y67F-E				X								
ANON-56DS-Y6BA-M	X											X
ANON-56DS-Y679-1									X			
ANON-56DS-Y67J-J					X					X		
ANON-56DS-Y678-Z												
ANON-56DS-Y67B-A					X							
ANON-56DS-Y674-V												
ANON-56DS-Y675-W												X
ANON-56DS-Y673-U										X		
ANON-56DS-Y67U-W												
ANON-56DS-Y67G-F	X											
ANON-56DS-Y67Y-1	X	X	X									
ANON-56DS-Y67V-X		X										
ANON-56DS-Y67X-Z					X		X					
ANON-56DS-Y671-S	X						X		X			
ANON-56DS-Y672-T	X	X	X						X			
ANON-56DS-Y677-Y									X			
ANON-56DS-Y6TE-A	X	X	X		X		X	X	X			

Appendix 4 - Key Themes and Issues and Council Responses

Traffic, Parking and Safety

Issue Raised	The consultation paper does not comment on the suitability of the transport and infrastructure as it currently is. Growing congestion in the Western Harbour area will be compounded by the addition of a new school. The Western Harbour has only a single arterial road in and out of Lindsay Road.
Issue Raised	Where will the vehicle entrance to the new school be located? No strategy for safer routes to the new school are proposed.
Issue Raised	There is no space for dropping off and the bus route makes crossing the road hazardous.
Issue Raised	Double yellow lines should be used to stop cars parking adjacent to the school and suitable methods used to stop vehicles dropping off children in residential roads.
Issue Raised	The route to the new school will be longer and more dangerous for existing catchment pupil, discouraging walking and cycling.
Issue Raised	The route to the new school will be longer and more dangerous for existing catchment pupil, discouraging walking and cycling.
Issue Raised	Lindsay Road is particularly busy and children will have to cross this road to reach the new school site.
Issue Raised	No consideration has been given to the requirement for parking for school staff and after school groups. Parking in the areas will not cope as it is already stretched.
Issue Raised	Accessing the site from Newhaven Place would cause safety problems as the junction is too small.
Issue Raised	Will the existing no 10 bus stops near Sandpiper road be moved further away from or closer to the new school site to ease traffic flow/congestion? Will Lothian Buses revert to driving along Sandpiper Road past ASDA?
Issue Raised	Originally there was to be a Western Harbour one-way system, (running past ASDA to the top of the Western Harbour Peninsula and down Western Harbour Drive) in place for Western Harbour traffic. Should this idea now be reconsidered? Should the road linking ASDA to the Western Harbour be built as part of the school development?
Issue	If the new school opens directly on to Western Harbour Drive near

Raised	Western Harbour Place, it could make it difficult for traffic to exit or enter Platinum Point at peak times and for the two large flatted developments beyond Platinum Point.
Issue Raised	The Council need to come up with a solution to the likely congestion at drop-off and pick-up times which does not push the problem onto surrounding narrow residential streets.
Issue Raised	A speed camera should be installed on the main road as much of the traffic does not adhere to the 20mph limit.
Council Response	<p>The new school would be the subject of a planning application which would require that a transport impact assessment or statement be prepared. This assessment would consider the existing infrastructure and identify any measures which may be necessary to limit the impact of the traffic generated by the new school on the surrounding roads. This may include the installation of additional infrastructure to make safe the routes by which pupils will access the school. It may also be necessary to consider the schools inclusion in the "School Streets" scheme which would restrict access to the streets around the school at key points during the school day (e.g. at drop-off and pick-up times) to residents only.</p> <p>The means by which the school site is accessed by vehicles and by pedestrians will be determined during the design process and will be informed by the outcomes of the transport study undertaken as part of the planning process.</p> <p>The school will not include a purpose designed drop-off zone as this would encourage the use of cars and would therefore be counter to Council policy which encourages the use of alternative and sustainable means of transport. Provision of parking spaces for staff and visitors at the new school will be made according to the standards set out in the Design Guidance published by the Council's Planning Department.</p> <p>The relocation of the school from its present site to the Western Harbour would reduce the distance to school the majority of the catchment population are required to travel and would reduce the number of pupils having to cross major roads such as Lindsay Road.</p>
Issue Raised	Opening up a new road on the north side of the proposed site may help reduce the impact of school traffic.
Council Response	The master plan for the Western Harbour includes the provision of a road on the north side of the school.

Western Harbour: Planning, the Environment and New School Design

Issue	When will the park in the masterplan for the Western Harbour be built?
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Raised	Areas of green space are essential for residents and school children.
Council Response	The timescales by which the park in the master plan is to be delivered will be determined by the developer, Forth Ports.
Issue Raised	Will trees near Windrush Drive be retained to divide the school from residential properties?
Council Response	The design of the new school will include proposals for landscaping. These proposals will focus on providing an environment which benefits both school users and the surrounding community.
Issue Raised	Has the impact on residential properties of noise from a new school been considered?
Council Response	An assessment of the impact a new school building may have on the surrounding environment would be made as part of the design process and this would form part of the planning application process.
Issue Raised	Some areas of the Western Harbour are not child/young family/school friendly.
Council Response	The majority of Victoria Primary School's catchment population live in the Western Harbour area. It is anticipated that the availability of a new school building in the area will not only provide the children living in the area with fit for purpose facilities – for before, during and after school hours – but will also act as a catalyst for the delivery of the remaining sections of the masterplan.
Issue Raised	No reference is made in the consultation documents to the West-East Road from Queensferry to Seafield or to tram routes.
Council Response	The consultation document focused on safe routes to school as appropriate. The tram routes and West-East road are strategic transport issues and if an when implemented it would be necessary to ensure safe routes to the new school are maintained.
Issue Raised	The need for a new school and sufficient affordable housing cannot be derailed by people concerned about their own property values.
Council Response	All arguments put forward for and against the implementation of the proposal set out in the consultation paper are considered in reaching the recommendations set out in this outcomes report. However, the impact of a new school on the value of property in the area is not considered to be relevant in reaching those recommendations.
Issue Raised	Consideration should be given to community use of the new school building including use of sports facilities outside school hours.

Issue Raised	The provision of retail space in the Western Harbour should be considered as well as the school.
Issue Raised	The design of the new school should reflect the history of the school and its links to the harbour area.
Council Response	<p>The Council would like the new primary school to be a whole community asset. This means that through the design process the broader community will be consulted on what services and facilities the new building could provide.</p> <p>It is also important that the design of the new building connects the established and newer part of the community it serves by recognising and celebrating the history of the school and the area.</p>
Issue Raised	The Council should be focusing on providing more housing and creating nice walks and green spaces rather than a school.
Council Response	<p>Through developments such as the Western Harbour and the approved and proposed developments set out in the Council's Local Development Plan, the Council intends to meet its obligations to provide the housing necessary to support a growing population. However, infrastructure such as schools are required to support this new housing. Where possible the Council will seek to make the most efficient use of existing capacity but this is not always possible and it will be necessary in many areas, including the Western Harbour to make available additional, new capacity.</p> <p>The masterplan for the Western Harbour includes a significant area of park land and the Council is in discussion with the developer, Forth Ports, about the timescales by which this element of the masterplan will be delivered.</p>
Issue Raised	New buildings are not as robust as older ones as demonstrated by the PFI schools issues.
Council Response	The Council accepts fully the findings of the Report of the Independent Inquiry into the Construction of Edinburgh Schools which was necessitated following the collapse of the wall at Oxbgangs Primary School. The Council has adopted all the recommendations made in the Inquiry report and believes that this will ensure that all new school designs will provide a safe, comfortable, fit for purpose and enduring community asset.
Issue Raised	The proposed site is currently one of the few landscaped areas within the Western Harbour and, as the masterplan was developed over a decade ago, an alternative site should be considered.
Council	The masterplan for the Western Harbour includes a significant area of

Response	park land and the Council is in discussion with the developer, Forth Ports, about the timescales by which this element of the masterplan will be delivered.
Issue Raised	How big will the school car park be and would parents/carers have access to the school car park?
Council Response	The size of the school car park would be determined according to the Planning Department's Design Guidance which sets out the number of parking spaces required. Parking provision at a school is usually only for staff and visitors.
Issue Raised	Will the Brakewater path and railings be made safe with the lifebelts reinstated? Will there be increased patrols to remove dog muck and rubbish from this area and for Lighthouse Park?
Council Response	The proposals in this consultation relate only to establishing a school in the Western Harbour area. However, these comments have been passed to the Neighbourhood Team for consideration.
Issue Raised	The building of the school should be overseen by more than the education department in the Council so that it is part of a coordinated plan for the area. Council departments responsible for transport, environment and education, should be coordinating, consulting and taking feedback from people living nearby who will inevitably be impacted.
Council Response	<p>The Planning process for a new school building necessarily involves colleagues from across the Council including those responsible for transport planning and infrastructure and the built environment. The Planning process also provides a means by which anybody can have their say on the proposals. However, before a Planning application is submitted it is the Council's intention to undertake an informal consultation process which will allow members of the school community and the wider community to feed into the design process for the school so that it best reflects the needs of the community it will serve.</p> <p>The provision of a school on the site proposed in this consultation was made in the masterplan for Western Harbour when it was first made publicly available in 2005. This masterplan was developed as a condition of the original outline planning permission granted in 2002. Several council departments are working with the developer in a coordinated manner to secure the delivery of the masterplan.</p>
Issue Raised	Will there be sufficient accommodation provided within the new school building to provide an After School Club service? Can space also be provided for other community groups who make use of the existing building such as the local Scout Group?

Council Response	The new school building will include space for After School Club provision. The types of spaces made available to the After School Club and other community groups will be developed through the design process which will be undertaken with the school community.
Issue Raised	When will the new school open?
Council Response	If the proposal is approved by Council in June 2017 the estimated opening date of the school would be August 2020. This would depend on the necessary budgets being established as part of the 2018-19 budget setting process.
Issue Raised	The new school should be low level to reduce the visual impact it has for surrounding residential properties.
Council Response	Until such times as the design of the school building has progressed it will not be possible to determine the height of the building or its likely impact on surrounding properties. The new school would be the subject of a planning application which would require a design statement justifying its design and its relationship with surrounding properties.
Issue Raised	Can it be guaranteed that the new school will have adequate quality outdoor and General Purpose space?
Council Response	The Council believes that the playground size will be appropriate for the number of pupils in the school. The play area will be designed to promote outdoor learning and support and the Council's commitment to the health and wellbeing of the children in its care. The amount of General Purpose space available in the school will meet Scottish Government requirements.

New Victoria Site Size

Issue Raised	The size of the school and the site mean that the play space will not be that significantly different from that at Victoria Primary School.
Council Response	The existing school site is 0.37 hectares compared to a proposed site of 1.2 hectares. Accordingly, the proposed site is more than three times larger than the existing school site. In addition, the empty site will allow a school design to be developed which incorporates an expansion strategy and considers from the outset how the provision and quality of the available outdoor space can be maximised.
Issue Raised	The size of the site at Western Harbour is not adequate. If a three stream school may be required why was the site provided not sufficient from the outset - the plot adjacent to the school site should be acquired

	or the size of the site renegotiated.
Council Response	<p>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:</p> <ul style="list-style-type: none"> • 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. <p>In 2003 when the original section 75 was agreed with Forth Ports significant areas of housing development in the Central Leith area had not been proposed. Accordingly, the identified school site in the Western Harbour is 1.2 hectares which is less than the minimum specified requirement for a new school with provision of a nursery.</p> <p>However, the Council believe that the size of the available site is appropriate for the level of provision to be made and have sought and gained Scottish Government approval for dispensation from the School Premises (General Requirements and Standards) (Scotland) Regulations 1967 with regard to this proposal.</p> <p>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.</p> <p>A new primary school would also 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.</p>
Issue Raised	The small playground will lead to more accidents and less space for running about leading to higher levels of obesity.
Council Response	The Council believe that the playground size will be appropriate for the number of pupils in the school. The play area will be designed to support the Council's commitment to the health and wellbeing of the children in its care.
Issue Raised	The new school does not have adequate nursery provision.

Council Response	Early Years provision across the city is under review following the introduction by the Scottish Government of extended free nursery hours. The Council will ensure that the level of provision made at the new school is appropriate to demand in the locality and the size of the site.
Issue Raised	There is concern that the future expansion of the new Victoria Primary school would mean building on land identified for the park? Could expansion of the school site into the proposed park area provide the school with playing fields?
	The new Victoria Primary School will be built with an expansion strategy and this will be developed through the design process which the community will be able to feed into and will be set out in the planning application. If there is an opportunity to increase the size of the school site through ongoing discussions with Forth Ports then the Council will explore this. It is likely that any such expansion of the school site would simply result in the provision of playing field or external play space which would continue to be an open space and a usable community asset.

Victoria Community, Identity and Ethos

Issue Raised	Removing the school from its central location to Western Harbour would be a significant loss for a community such as Newhaven which is steeped in history.
Issue Raised	The school is an integral part of the Newhaven community.
Issue Raised	The new school will be better located for the majority of the Victoria Primary School population.
Council Response	When Victoria Primary School was built, the waters of the Forth were only metres from the playground. The land reclaimed from the Forth in recent years has extended the Newhaven community and the population that Victoria Primary School was built to serve. The majority of Victoria's catchment population now live in the Western Harbour area. Accordingly, while the Council acknowledges the significant history associated with the Victoria Primary School building and the role this has played in the Newhaven community for many years; change in the area has been substantial and the school no longer has the capacity to support demand. In addition, while there is a strong community attachment to the school building and it is acknowledged that the building holds historical significance for the city, it presents challenges in delivering a modern curriculum. This was made clear by HMIE inspectors in 2007 who rated the quality of accommodation and facilities

	as “weak” and commented that “staff and pupils made very good use of the building despite a number of limiting factors.”
Issue Raised	A large school will result in the loss of the ethos that is important to Victoria Primary School and Newhaven
Council Response	Victoria Primary School’s roll has increased from just 93 pupils in 2007/08 to 254 in 2016/17. There has been no evidence presented that during this time the school’s ethos has eroded and, during the public meeting on 27 February 2017 the Head Teacher of the school made this point, stating that despite the growth experienced by the school she did not believe the culture of the school had changed.

Future Use of the Victoria Primary School Building

Issue Raised	The old school will be demolished and sold to developers.
Issue Raised	The proposals cannot be supported as they do not set out what will happen to the current Victoria Primary School building.
Issue Raised	The Victoria Primary School building should be kept as a place of learning and used to rehouse the Newhaven Heritage Museum. It should become a community resource and hub.
Issue Raised	The Council should not let issues around the future use of the Victoria Primary School building affect the timetable for the delivery of the proposals in the consultation paper.
Council Response	<p>It may ultimately be necessary for the sale of the Victoria Primary School building to progress to provide funding for a new school.</p> <p>However, Council officers have met with and will continue to support local groups wishing to pursue the transfer of the building to the community through the Community Asset Transfer process as it is acknowledged that there is demand within the Newhaven community for alternative uses of the Victoria Primary School building to be considered should it no longer be required to serve as a primary school.</p> <p>The Community Empowerment (Scotland) Act 2015 provides community groups with a right to make requests to the Council for the use of the Victoria Primary School building should it be declared surplus to requirements. The group(s) may request ownership, lease or other rights, as they wish. The Act requires that the Council assess the request transparently against a specified list of criteria and to agree the request unless there are reasonable grounds for refusal.</p> <p>The Act sets out the key rights and duties and provides a framework for the Community Asset Transfer process which has been adopted by the</p>

	<p>City of Edinburgh Council.</p> <p>Critical to the Community Asset Transfer process is that the request from the community group(s) be in the form of a plan which demonstrates the viability and sustainability of the proposal and the benefits to the Council versus alternative means of disposal.</p> <p>The statutory process for the transfer of local authority property to community groups means that until interest in initiating the transfer of the Victoria Primary School building to a community group has been formally received and a valid plan has been produced and submitted to the Council for assessment no guarantees that a transfer will take place can be made.</p> <p>Interest in initiating the Community Asset Transfer process cannot formally be accepted until the building is declared surplus to requirements which would be on completion of the new school building, currently scheduled for August 2020.</p> <p>Should a formal request for the transfer of the Victoria Primary School building be received once the building has been declared surplus to requirements, the Council would not be able to advertise the sale of the building or the transfer of the building to another party until the transfer request had been assessed in line with the Community Asset Transfer framework.</p>
Issue Raised	The valuation of Victoria Primary School seems very low and it is disappointing that the Council would dispose of this asset for so little.
Council Response	<p>The valuation of the Victoria Primary School building takes account of the building's listed status, market conditions and assumes that the site is redeveloped for residential use. It also assumes no adverse ground conditions which may impact on value.</p> <p>While the sale of the Victoria Primary School building would not generate sufficient funds to allow full funding of a new primary school, in the context of the Council's current financial position, it represents not only a significant capital contribution to that funding gap but also a significant revenue saving in terms of the ongoing running and maintenance costs associated with the building.</p>
Issue Raised	What will happen to the new Rising Rolls building at Victoria Primary School? The investment in this building was short-sighted.
Council Response	<p>The valuation of the Victoria Primary School building set out in the consultation document is for the full site and includes the new Rising Rolls building. Accordingly, its sale as part of the wider site is assumed to contribute to the funding of the proposed new school building.</p> <p>However, Council officers have met with and will continue to support local groups wishing to pursue the transfer of the building to the</p>

	<p>community through the Community Asset Transfer process as it is acknowledged that there is demand within the Newhaven community for alternative uses of the Victoria Primary School building to be considered, should it no longer be required to serve as a primary school.</p> <p>The Rising Rolls building was delivered because discussions with the school community highlighted a desire to see the school expand rather than consider alternative options such as annexe accommodation. At that time there was not sufficient demand from the Western Harbour to justify the investment in a new school building and the development of the North Leith area had not been proposed.</p>
Issue Raised	<p>Could there be conditions put on the sale of the Victoria Primary School building which mean that it must be used for community purposes and maintained in its original state?</p>
Council Response	<p>The Victoria Primary School building is listed and so the development of the building and the rest of the site are likely to be subject to significant Planning conditions. A change of use of the building from an educational establishment to, for example, residential or commercial, would also require Planning approval and be subject to the normal Planning consultation processes.</p> <p>However, it would not be possible for the Council to market the building for sale with conditions specifying its future use.</p>

Catchment Change

Issue Raised	<p>The Trinity and Victoria catchment should have been changed so that those pupils living in the Victoria catchment but that are closer to Trinity can go to that school. Some people in the Victoria catchment area will live only 5 minutes from Trinity Primary but will be 10-15 minutes from the new Victoria Primary School.</p>
Council Response	<p>While the Council endeavours to ensure that the nearest school to an address is the catchment school for that address, the relatively short distance between schools in the city means that this is not always possible. The principle factor in determining the location of catchment boundaries is the capacity of the school to accommodate demand from its defined catchment area. Realigning sections of Victoria Primary School's catchment with Trinity Primary School was considered as part of these proposals, however, it was determined that Trinity Primary School may not be sufficiently expanded to accommodate demand beyond its existing and projected catchment population.</p>

Alternative Options and Other Buildings

Issue Raised	Victoria Primary School should be retained and a new school built with a catchment area that covers the Western Harbour.
Issue Raised	More, smaller schools result in greater connectedness among families and encourage families to walk and cycle to school – improving health and the environment.
Council Response	<p>A significant factor in the decision not to pursue an option which retained the existing Victoria Primary School as a school relates to the cost of operating two smaller facilities. The cost of running two schools is greater than running a single school because of the additional management (Head Teacher, Business Manager) and support staff (admin, janitorial, dining, etc.) who would be required. While they will be smaller, the overall floor area of the two facilities would be larger resulting in higher cleaning, heating and lighting costs. Two separate sites would also incur greater rates costs, greater transport costs (for example school meals would still have to be delivered to at least one site) and greater central administration costs. In addition, the cost of maintaining two sites rather than one is also likely to be higher. Condition surveys have already identified that Victoria Primary School requires spending of approximately £500,000 over the next 5 years.</p> <p>One of the themes at the workshops undertaken as part of the informal consultation process was a desire not to split existing communities. Pupils from the Western Harbour currently form over half Victoria’s catchment population – accordingly, the Western Harbour is a significant part of Victoria’s community. There is a desire to integrate the significant new developments into existing communities and infrastructure so that they are not just new satellite communities but share in Edinburgh’s existing history and culture. Simply building a new school in the Western Harbour for that community would not achieve this and would split Victoria’s catchment.</p> <p>In the 20 years from 1983 to 2003 when the first pupils were generated from housing in the Western Harbour, the average roll at Victoria Primary School was 129 pupils. This suggests that, even excluding the Rising Rolls building from its capacity, Victoria Primary would have an average occupancy rate of 61% if pupils from the Western Harbour were to be directed to an alternative school. Accordingly, to remain sustainable, sections of the Western Harbour would have to continue to feed to Victoria Primary School. This would mean that the new school would initially be very small.</p> <p>Populating a smaller new school in the Western Harbour would present difficulties as initially the available catchment population would be small and, without making transfer to the new school mandatory for existing Victoria pupils, would rely on pupils transferring voluntarily from other</p>

	<p>schools to provide a P2-P7 population.</p> <p>Finally, while arguments may be made for and against the educational value of small schools, Victoria Primary School's inspection in 2007 by HMIE rated the quality of the accommodation and facilities as "weak" and noted that "staff and pupils made very good use of the building despite a number of limiting factors". The Council believes that a new school building will provide a better learning and teaching environment and therefore offers a significant educational advantage over a two school approach.</p>
Issue Raised	Evidence suggests many pupils do not thrive in large schools, especially children from disadvantaged backgrounds.
Council Response	<p>The Council has significant experience of successfully operating three stream schools and believes that, regardless of the size of the school, with the right support and environment, all pupils can thrive.</p> <p>By providing Victoria Primary School with suitable, modern facilities that remove the limitations presented by the existing school building, the Council believes that it will provide all children attending Victoria with greater opportunities to fulfil their potential.</p>
Issue Raised	There is room to expand Victoria Primary School further on its existing site to accommodate the anticipated increase in school population.
Council Response	<p>A feasibility study was undertaken to consider the ways in which Victoria Primary School could be expanded to accommodate projected demand. This highlighted that there is sufficient space on the school site to physically increase the number of classrooms.</p> <p>However, the Council does not believe that expansion of Victoria Primary School on its existing site should be considered a long-term solution to accommodation pressures in the area as it would compound the suitability issues HMIE identified when they rated the quality of the accommodation and facilities as "weak" in 2007.</p> <p>The gym hall is one of the smallest in the city; the dining area is made up of two small converted classroom spaces; office spaces are small, inconveniently located and scattered throughout the building; the staffroom is small and facilities for staff limited; the stairwells are narrow and toilet provision would require to be increased with the number of classrooms.</p> <p>However, the most significant factor identified by the Parent Council at Victoria is the loss of playground space which a new extension would cause. Objections to the delivery of the Rising Rolls building in 2014 centred on the loss of outdoor space and this would be a significant factor should the school be permanently or even temporarily extended again.</p>

	Finally, expanding Victoria Primary School on its own site does not address the potential accommodation issues projected for Trinity Primary School should development proposals for the North Leith area progress as currently proposed.
Issue Raised	Could Victoria Park have a nursery as Early Years provision in north Edinburgh is inadequate?
Council Response	<p>A review of Early Years provision across the whole city is ongoing in light of changes to legislation which places an obligation on local authorities to deliver 1140 hours rather than 600 hours of free nursery care for all 3-5 year olds and qualifying 2 year old children.</p> <p>Victoria Park is protected in law as “Common Good”, meaning that it must remain a public amenity accessible to all. Accordingly, legally the Council cannot simply build a nursery on Victoria Park.</p>
Issue Raised	Could the Rising Rolls building at Victoria Primary School accommodate a nursery to increase play space at the new school site?
Council Response	<p>There are significant educational benefits relating to the transition of pupils from nursery to primary school if the two services are collocated. Collocation also allows staff to be part of a larger team and does not introduce the management issues that running two separate sites creates.</p> <p>Making use of the Rising Rolls build would mean the loss of the sale of a significant portion of the existing Victoria Primary School site. Additionally, the Rising Rolls building is not designed as a nursery space having neither the appropriate toilet or kitchen provision. Substantial additional funding would be required on the interior and the external play space to allow it to function as a nursery.</p> <p>Accordingly, while there would be some saving in terms of the required floor area of the new building, it is unlikely that this would offset the funding lost from the sale of only half the existing Victoria site and the cost of converting the Rising Rolls building for nursery use.</p> <p>Finally, having the nursery and the primary classes on the same site is logistically easier for parents to manage allowing drop-off and pick-up from a single site rather than requiring travel between two separate establishments.</p>
Issue Raised	Use the former Fort building to address accommodation pressures in the area.
Council Response	Reopening Fort as a primary school in its own right or using the Fort building as an annexe of either Victoria or Trinity Primary Schools was considered as part of the informal consultation process. There were a number of issues identified through investigation of these options:

	<ul style="list-style-type: none"> • Opening Fort would require significant catchment change – whether it opened as a school in its own right or as an annexe of Victoria or Trinity; comments at the informal workshops in relation to these proposals suggested a strong desire to avoid splitting communities – especially where new bonds had only recently been established; • Fort would be required to accommodate some of the existing Victoria catchment area to address pressures at Victoria. This means that people only a short distance from Victoria would be realigned with Fort – some may walk past Victoria to get to Fort. • Additional classroom space would be required at Fort and this would require either substantial construction on the site or relocation of the Early Years Centre. • The cost of running three school buildings is greater than running two because of the additional management (Head Teacher, Business Manager) and support staff (admin, janitorial, dining, etc.) who would be required (in the case of reopening Fort as a school) and because of the cost of maintaining three buildings rather than two is also likely to be higher.
Issue Raised	Closing Fort and converting Bonnington into a Gaelic school was poor planning and has exacerbated overcrowding in both Trinity and Victoria Primary Schools requiring that new classrooms be built in the playgrounds of both schools.
Council Response	<p>The closure of Fort and Bonnington Primary Schools resulted in no change to the catchment boundaries of Victoria Primary School. Accordingly, the school experienced no direct impact on its roll following these closures. Growth at Victoria Primary School preceded these closures and has been as a direct result of the expansion of the Western Harbour area.</p> <p>Trinity Primary School has been directly impacted by the closures of Fort Primary School and Bonnington Primary School and was expanded in 2012 to meet increased demand for places. In addition to the increased size of its catchment area Trinity Primary School's growth has been driven by higher percentages of pupils choosing to attend their catchment school. In recognition of this changing pattern of attendance a second phase of expansion which would allow the school to increase to a full three streams was planned. It has not yet been necessary to deliver this additional accommodation however it is forecast that additional classroom space will be required in August 2018 and plans for the new classrooms are being progressed.</p>
Issue Raised	How much did the new classrooms at Victoria Primary School cost?
Council Response	The new classrooms cost £706,000.
Issue Raised	The overly conservative roll projections suggest the need to reuse capacity at Fort should be factored into proposals.

Council Response	The Council believes that the proposal set out in the consultation paper provides sufficient capacity to address projected demand for school places.
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Consultation Process

Issue Raised	The consultation process has not been adequate and concerns raised during the events were not reflected in the event summary.
Issue Raised	Many parents could not attend consultation events because of work or were not aware of the implications of the events.
Council Response	<p>Council officers have been involved with Working Groups (which include both school management and parent representatives) at Trinity and Victoria Primary Schools since March 2016 discussing both the short and long-term strategies required to address the accommodation pressures at the schools. These discussions have built on the work undertaken in 2013 and 2014 when Trinity and Victoria were involved in previous phases of the Council's Rising Rolls programme.</p> <p>Having identified several potential options through the Working Group process, workshops were held at both schools providing parents with an opportunity to consider the options presented and provide their response to them. Parent Councils were asked to extend the invite to the wider parent forum and attendance at both these workshops was good. Every effort was made to capture the views expressed and the issues raised so that they could be reflected in the statutory consultation process.</p> <p>The Council believes the proposal set out in the statutory consultation paper fairly reflects the feedback received through the Working Group process and the workshops undertaken as part of the informal consultation process. The Council also believes that the statutory consultation has met the requirements set out in the Schools (Consultation) (Scotland) Act 2010, as amended by the Children and Young People (Scotland) Act 2014. This has included providing consultees with multiple means of engaging in the process, including conducting independently chaired open public meetings at Trinity and Victoria Primary Schools at which a panel of representatives were available to respond to any questions or comments made. A record of these meetings can be found in Appendix 2 of the consultation outcomes paper.</p>
Issue Raised	Newhaven is being moved into the Forth Ward for the May elections – conveniently prior to the decision being made, therefore no Councillor will be accountable.
Council	The timing of the statutory consultation process was proposed by

Response	Council officers and is based solely on meeting the accommodation needs of the schools concerned within the necessary timescales.
Issue Raised	More effort to publicise the consultation should have been made such as leafletting parents and residents and making use of local noticeboards.
Council Response	The regulations for who has to be consulted as part of a statutory consultation are outlined in the Schools (Consultation) (Scotland) Act 2010 as amended by the Children and Young People (Scotland) Act 2014 and have been fully applied regarding this consultation. No communications were sent directly to residents of Western Harbour or any other address as it would be an inefficient use of Council resources to notify all individual households within the affected areas.
Issue Raised	The consultation asks for comment on the idea of a new school rather than the details which are more significant.
Council Response	<p>The Council has endeavoured to provide as much information about the proposals as it can. Many of the issues raised through the consultation relate specifically to the design of the school and surrounding infrastructure and would only be fully understood at the point of submission of a planning application. In order to progress to that stage the Council will be required to commit considerable time and expenditure on surveys, feasibility work and professional fees. That time and expense would be wasted if the underlying principles of the proposal and the broader educational strategy were ultimately rejected.</p> <p>Should the proposals set out in the consultation paper be approved, the next step will be to identify funding for the new school building and then begin a consultative design process with the school and wider community. Ultimately, the design of the school and the surrounding infrastructure will be the subject of a planning application and, should the detail in this application not be sufficient or be disagreeable to some parties, it will be their right to object through the standard planning processes.</p>

School Roll Projections

Issue Raised	The proposal addresses rising school rolls on a piecemeal basis.
Council Response	The Council believes that the creation of a new school which addresses suitability issues associated with the existing Victoria Primary School building; provides places for projected demand from future Western Harbour developments; provides a strategy to address the potentially significant growth within Trinity Primary School's catchment area and does this whilst limiting disruptive catchment changes, is a coherent

	and strategic approach to the issue of rising school rolls.
Issue Raised	The projections for Trinity Primary School are excessively conservative.
Issue Raised	The growth in the area proves that the Council got projections wrong in the area when decisions were made to close schools.
Issue Raised	The projections for Victoria Primary School are excessively conservative. While designed for couples, the smaller flats are occupied by families unable to afford larger – this is why the roll at Victoria has grown. The pupil generation figures from the number of flats proposed is too low. A double stream school will quickly become triple stream and will reach capacity.
Issue Raised	What will happen if the numbers do not increase as rapidly as expected?
Council Response	<p>The Council believes that the system it uses for projecting future roll projections and demand for places is as good as the data available allows. School roll projections and the methodology used are published annually on the Council's website:</p> <p>http://www.edinburgh.gov.uk/info/20256/school_places/1551/school_roll_projections</p> <p>Projections for small areas and cohorts rely on a number of variables which may be volatile and subject to change. Accordingly, the Council cannot guarantee the accuracy of its projections particularly over longer periods of time. For this reason, the Council continues to monitor and adapt projections as new data becomes available.</p> <p>A new, double stream primary school will have more than sufficient capacity to support projected demand from Victoria's existing catchment area and further development of the Western Harbour. Projections will be updated to take account of developments in the North Leith area as more detailed proposals become available. These projections will allow an assessment of whether and when the delivery of further accommodation through expansion of the school building is necessary.</p> <p>Current projections suggest that a three stream primary school will be sufficient to address demand for places in Victoria's proposed catchment area.</p> <p>Should the roll at Trinity Primary School rise beyond that projected the school would be identified as a rising rolls school and solutions would be considered with school management and parent representatives. This would include considering whether capacity at neighbouring schools could be utilised through catchment change.</p>
Issue Raised	The projections do not take account of new housing at Leith Fort.

Council Response	Projections include anticipated pupil generation from the development of the Leith Fort site.
Issue Raised	The anchor building at Victoria Primary School should have been made two storey – when the height of the roof is considered a two storey building should have been possible.
Council Response	<p>The height of the roof was a key element in the success of the design – reflecting the pitches of the existing building and Newhaven’s nautical heritage. The advice received from Planning was that a double storey building would not be acceptable.</p> <p>More fundamentally, the Council does not believe that expansion of Victoria Primary School beyond a 10 class capacity would be appropriate on a permanent basis as this would compound the suitability issues HMle identified when they rated the quality of the accommodation and facilities as “weak” in 2007.</p>
Issue Raised	This process should have started before new classrooms were built in the playground at Victoria.
Council Response	The Rising Rolls building was delivered because discussions with the school community highlighted a desire to see the school expand rather than consider alternative options such as annexe accommodation. At that time there was not sufficient demand from the Western Harbour to justify the investment in a new school building and the development of the North Leith area had not been proposed.
Issue Raised	How many pupils attending Trinity Primary School and Victoria Primary School are non-catchment?
Council Response	In 2016/17 non-catchment pupils formed 20% and 35% of Trinity and Victoria’s pupil rolls respectively. This compares with 28% and 55% respectively in 2010, demonstrating the impact greater numbers of catchment P1 pupils are having on both schools. While it would be desirable to limit P1 intakes to catchment pupils only, in practise this is difficult to achieve as the Council is required to make available places to non-catchment requests where it is possible to do so.

Secondary School Issues

Issue Raised	How will pupils be accommodated at Trinity Academy which is already full? No consideration has been given to the impact of Rising Rolls on Trinity Academy which is in need of repair. Information about projected school rolls for Trinity Academy should be made available.
Council	Trinity Academy is part of the Council’s Wave 4 programme. This programme will consider how the accommodation at Trinity Academy

Response	<p>may be refurbished or rebuilt to improve the quality of the facilities provided and address projected demand for places.</p> <p>School roll projections and the methodology used are published annually on the Council's website:</p> <p>http://www.edinburgh.gov.uk/info/20256/school_places/1551/school_roll_projections</p>
Issue Raised	What is the impact on the wider Council school estate of denying out-of-catchment places to prevent capacity breach at Trinity Academy?
Council Response	In 2016/17 the S1 intake at Trinity Academy was 150 pupils, 50 of whom were non-catchment. The impact of refusing these non-catchment placing requests on the wider school estate would be that approximately 50 S1 non-catchment pupils would have to attend their catchment school or make a placing request elsewhere.
Issue Raised	Could the existing Victoria Primary School building become a temporary annexe of Trinity Academy while work takes place to improve the secondary school?
Council Response	The feasibility work at Trinity Academy has not completed and so it is too early to identify if any form of decant from the Trinity Academy building would be required. Should a decant be required then a solution would be developed with the Working Group at Trinity Academy.
Issue Raised	Can Trinity Academy be rebuilt on a site adjacent to the new Victoria Primary School?
Council Response	No. The Council does not own the land in the Western Harbour and would be required to purchase a substantial area of land from the developers. This would also require the reworking of the masterplan for the Western Harbour and the resubmission of the Planning Application for the area which has been agreed based on provision of a set number of residential units and an open space strategy.

Temporary Solutions at Victoria Primary School

Issue Raised	The consultation paper makes no assessment of the impact on learning and teaching of the temporary solution required, deferring any detail of the solution until after the acceptance of the proposal.
Issue Raised	Putting some classes in temporary accommodation is preferable to an annexe solution as it will keep the school community together until the new building is ready.
Council Response	The temporary solution has been discussed with the Rising Rolls Working Group at Victoria Primary School. The use of the Fort building or another offsite annexe solution has been ruled out as there is a

	<p>desire to keep the school population on a single site. Accordingly, the provision of temporary units is being investigated and further details of this solution will be available in the Autumn term.</p> <p>While it is recognised that increasing the school population on the existing site will further compound the limitations presented by existing facilities; the Council's Quality Improvement Officers will work with the school's management team to ensure that all necessary measures are put in place to allow existing standards of education to be maintained.</p>
Issue Raised	No contingency is in place should construction of the new school over-run.
Council Response	Temporary arrangements will remain in place at Victoria Primary School until the new school building is completed.

Trinity Primary School

Issue Raised	There needs to be a sibling guarantee for pupils affected by catchment change.
Council Response	A sibling guarantee is included as part of the proposals set out in the consultation paper. Younger siblings of pupils attending Trinity Primary School at the time the catchment change is implemented and who are resident in the part of Trinity Primary School proposed for transfer would be guaranteed a place at Trinity Primary School. This policy would only apply if, when the younger sibling was registering at P1, he/she continued to be resident in the part of the Trinity Primary School catchment which would transfer to Victoria Primary School and would still have an elder sibling at Trinity Primary School in the coming academic year.
Issue Raised	Can a section of Victoria Park be incorporated within Trinity Primary School's grounds to offset the loss of playground space as a result of building more classrooms?
Council Response	Council officers are working with Trinity Primary School's Parent Council to identify how Trinity Primary School may make use of the adjacent Victoria Park to increase the play area available for pupils. This will include investigating whether a section of the park may transfer to the school on a permanent basis. However, no decisions have been made and any proposal which would result in the regular use of the park by the school would be formed through a process of consultation with park users and local community groups.
Issue Raised	The proposal does not directly address the issue of rising rolls at Trinity Primary School.

Council Response	The consultation paper makes clear that the expansion of Trinity Primary School to a full three stream, 21 class school will be necessary and that this level of expansion will be sufficient to support projected demand for places should the proposal set out in the paper be progressed.
Issue Raised	The council should provide additional teaching and support staff to Trinity Primary School to manage as rolls rise and the school comes under greater pressure.
Council Response	Staffing allocations are linked to the number of classes formed by a school and the overall school roll. Accordingly, Trinity Primary School will continue to have the staffing compliment necessary to maintain and improve existing standards regardless of the size of the school roll in future years.
Issue Raised	There is a requirement for greater long term planning of additional class space. Why more space was not built when the first Rising Rolls building was constructed?
Council Response	The expansion of Trinity Primary School was planned in two phases as, when the school was first identified as facing Rising Rolls in 2012, it was unclear whether demand for a full three stream expansion would materialise.
Issue Raised	The amount of General Purpose (GP) space at Trinity Primary School to accommodate the increased roll should be increased. An additional gym hall is also required to allow the school to meet the required 2hrs of PE per week.
Council Response	The Council believe that the General Purpose space available at Trinity Primary School is sufficient for a three stream school and is in accordance with Scottish Government's recommendations. The school currently meets its requirement to provide 2hrs of PE per week and foresee no issues with this continuing to be the case in future.
Issue Raised	Consideration of any plans for change at Trinity Primary School should be coordinated with any changes that are planned for Trinity Academy.
Council Response	Trinity Academy is part of the Council's Wave 4 programme. This programme will consider how the accommodation at Trinity Academy may be refurbished or rebuilt to improve the quality of the facilities provided and address projected demand for places. Feasibility work has been undertaken and this has included consideration of how space between the two schools may be shared and the opportunities this may present.

Issue Raised	What is the current size of the Trinity site in hectares?
Council Response	Trinity Primary School's site is currently 0.9 hectares.
Issue Raised	The new classrooms at Trinity Primary School should be fit for purpose and their design informed by the Head Teacher and her staff.
Council Response	The Rising Rolls Working Group formed at Trinity Primary School includes school management, parent representatives, Council officers, architects and an appointed contractor. This group has been working collaboratively to oversee and consider all aspects of the design of the new building.
Issue Raised	The Trinity Primary School building should be expanded rather than building another separate classroom building.
Council Response	Extending the existing building would significantly increase costs, would increase the timescales by which the additional classroom space could be delivered and would result in significantly more disruption to the operation of the school during the construction period.
Issue Raised	The new classroom building should not result in the loss of the astroturf which should be moved to an alternative area of the school site.
Council Response	The work to design the new classroom building will include consideration of how the facilities it is displacing can be reprovided elsewhere.

Appendix 5 – Education Scotland Report

Report by Education Scotland addressing educational aspects of the proposal by The City of Edinburgh Council to relocate Victoria Primary School to a new building in the Western Harbour and to realign school catchment zones for that area.

1. Introduction

1.1 This report from Education Scotland has been prepared by HM Inspectors in accordance with the terms of the *Schools (Consultation) (Scotland) Act 2010* and the amendments contained in the *Children and Young People (Scotland) Act 2014*. The purpose of the report is to provide an independent and impartial consideration of The City of Edinburgh Council's proposal to relocate Victoria Primary School to a new building in the Western Harbour and to realign school catchment zones for that area. Section 2 of the report sets out brief details of the consultation process. Section 3 of the report sets out HM Inspectors' consideration of the educational aspects of the proposal, including significant views expressed by consultees. Section 4 summarises HM Inspectors' overall view of the proposal. Upon receipt of this report, the Act requires the council to consider it and then prepare its final consultation report. The council's final consultation report should include a copy of this report and must contain an explanation of how, in finalising the proposal, it has reviewed the initial proposal, including a summary of points raised during the consultation process and the council's response to them. The council has to publish its final consultation report three weeks before it takes its final decision. Where a council is proposing to close a school, it needs to follow all legislative obligations set out in the 2010 Act, including notifying Ministers within six working days of making its final decision and explaining to consultees the opportunity they have to make representations to Ministers.

1.2 HM Inspectors considered:

- the likely effects of the proposal for children and young people of the affected schools; any other users; children likely to become pupils within two years of the date of publication of the proposal paper; and other children and young people in the council area;

any other likely effects of the proposal;

- how the council intends to minimise or avoid any adverse effects that may arise from the proposal; and
- the educational benefits the council believes will result from implementation of the proposal, and the council's reasons for coming to these beliefs.

1.3 In preparing this report, HM Inspectors undertook the following activities:

- attendance at the public meeting held on 27 February 2017 in connection with the council's proposals;
- consideration of all relevant documentation provided by the council in relation to the proposal, specifically the educational benefits statement and related consultation documents, written and oral submissions from parents and others;

- visits to the site of Trinity Primary School and Victoria Primary School, including discussion with relevant consultees; and
- discussion of the proposal with headteachers of Holy Cross RC Primary School, St Thomas of Aquin's RC High School and Trinity Academy by telephone.

2. Consultation Process

2.1 The City of Edinburgh Council undertook the consultation on its proposal with reference to the *Schools (Consultation) (Scotland) Act 2010* and the amendments in the *Children and Young People (Scotland) Act 2014*.

2.2 The consultation process ran from 30 January 2017 to 17 March 2017. During this period, the council held public meetings at Trinity Primary School and Victoria Primary School which were well attended by parents and other interested stakeholders. Statutory consultees, including Parent Councils of the schools directly involved were informed of the consultation in writing. Consultation documentation was published on The City of Edinburgh Council website and copies were available for public consultation at several venues during the consultation period, including local libraries and the schools concerned. A proforma questionnaire and an email address were made available for responses. The council received 163 questionnaire responses and a further nine submissions by email. Over three-quarters of responses indicated support for the council's proposal. Most stakeholders who met with HM Inspectors felt that the council had provided good opportunities for being consulted and for giving their views. Workshops held prior to the statutory consultation period provided stakeholders with helpful opportunities to shape and influence the council's eventual formal proposal paper.

3. Educational Aspects of Proposal

3.1 This proposal involves the relocation of Victoria Primary School to a new site in the Western Harbour area of Edinburgh. Part of the proposal includes realigning the North Leith area of Trinity Primary School's catchment zone to that of the new Victoria Primary School. The proposal also involves minor catchment changes to Holy Cross RC Primary School, St Thomas of Aquin's RC High School and Trinity Academy to incorporate fully all of the reclaimed land in the Western Harbour area.

3.2 The planned new building for Victoria Primary School has the potential to provide children who will attend the new school with a purpose-built learning environment well-suited to their learning needs. At the same time, the proposal will help to ensure that the increasing roll at Trinity Primary School is kept manageable, reducing the possibility of overcrowding. As a result, the proposal offers clear educational benefits to children in both of these schools.

3.3 Realigning the catchment zones of Holy Cross RC Primary School, St Thomas of Aquin's RC High School and Trinity Academy will help to provide parents and pupils with greater certainty about their catchment status and should reduce any anxieties resulting from the placement process.

3.4 Almost all parents, pupils and staff who met with HM Inspectors support the proposal. There is a clear understanding that projected housing developments in the area would result in the school rolls of both Trinity Primary School and Victoria Primary School

exceeding capacity. Parents of children at Trinity Primary School welcome the arrangements being proposed for the younger siblings of any children living in the affected area of land which would, under the proposal, transfer from Trinity Primary School's catchment to that of Victoria Primary School.

3.5 Parents of children at Victoria Primary School who met with HM Inspectors did not fully support the proposal. They identified a number of concerns, including, the size of the new school site, transitional arrangements and safe routes to school.

3.6 The council should continue to engage with stakeholders regarding the design of the new school building and its site. In doing this, the council should clarify further its projections for the new school's roll and how it will monitor the possible need for additional classroom space. The council should take the issues raised by parents, including concerns over possible traffic congestion, into account when it draws up a strategy for safe routes to school.

3.7 In taking its proposal forward, the council should continue to work with parents, pupils and staff at Victoria Primary School to ensure that the best possible transitional arrangements are in place for the period before the new school building is in operation.

3.8 Stakeholders at both Trinity Primary School and Victoria Primary School have reasonable concerns over how the projected rise in pupils numbers at these schools will subsequently affect existing capacity at Trinity Academy. The council should continue to engage with relevant stakeholders to outline roll projections and possible future strategies which it may implement to tackle any overcrowding.

3.9 The Archdiocese of St Andrews and Edinburgh supports the proposal. It welcomes the realignment and expansion of the catchment areas of Holy Cross RC Primary School and St Thomas of Aquin's RC High School to include the Western Harbour area.

4. Summary

4.1 The City of Edinburgh Council's proposal to relocate Victoria Primary School to the Western Harbour and to realign catchment zones in the area has clear educational benefits for children and young people. The proposal has the potential to provide pupils of Victoria Primary School with a modern, fit for purpose learning environment. The proposal will also help to ensure that the roll of Trinity Primary School does not exceed its capacity. Clarification of catchment zone status for the Western Harbour area will also benefit pupils and parents at Holy Cross RC Primary School, St Thomas of Aquin's RC High School and Trinity Academy.

4.2 In taking its proposal forward, the council should continue to engage with relevant stakeholders and give consideration to their concerns over the size of the new Victoria Primary School site, its projected roll and how it will plan for safe routes to the site. The council should also work with all stakeholders at Victoria Primary School to make appropriate arrangements for the period of transition prior to the new school being fully operational.

**HM Inspectors
Education Scotland
April 2017**

10am, Thursday, 29 June 2017

Outcome of the Statutory Consultation Process on the Proposal to Establish a New Non-Denominational Primary School and Implement Catchment Changes to Address School Capacity and Accommodation Pressures in South East Edinburgh

Item number	8.10
Report number	
Executive/routine	
Wards	15 (Southside / Newington), 16 (Liberton / Gilmerton)

Executive summary

On [13 December 2016](#) the Education, Children and Families Committee approved that a statutory consultation should be undertaken on the proposal to establish a new primary school and nursery in south east Edinburgh, with associated changes to the catchment areas of existing primary and secondary schools.

A [statutory consultation](#) was undertaken between 16 January 2017 and 3 March 2017. The purpose of this report is to advise on the outcome of the consultation.

It is recommended that the proposal to establish a new primary school and nursery in south east Edinburgh is progressed and the school catchment changes outlined in the statutory consultation paper are implemented in the November prior to the new school opening.

Links

Council outcomes	CO1 and CO2
Single Outcome Agreement	SO3

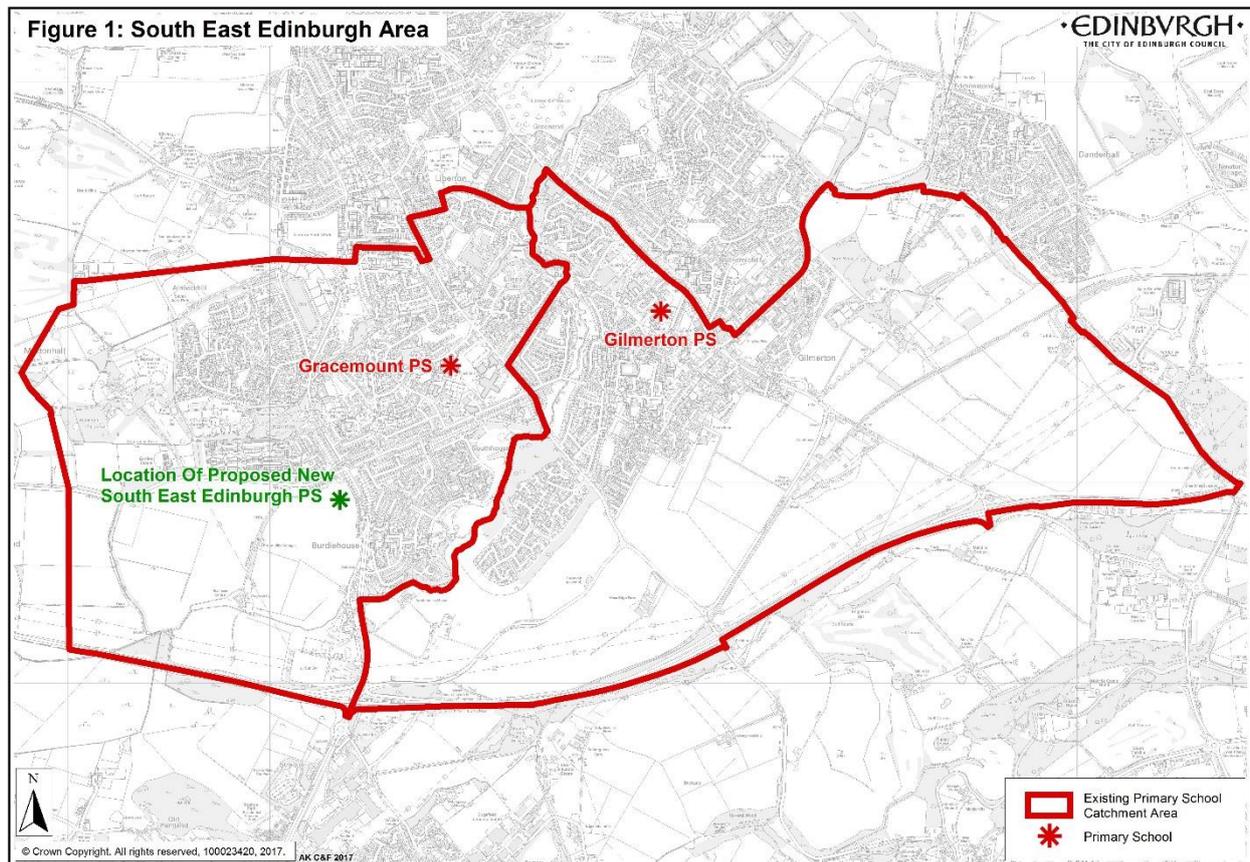
Outcome of the Statutory Consultation Process on the Proposal to Establish a New Non-Denominational Primary School and Implement Catchment Changes to Address School Capacity and Accommodation Pressures in South East Edinburgh

Recommendations

- 1.1 Approve that the proposal to establish a new non-denominational primary school and nursery in south east Edinburgh is progressed and the school catchment changes outlined in the statutory consultation paper are implemented in the November prior to the new school opening.
- 1.2 Note that a working group will be established to oversee the educational and health and wellbeing aspects of the proposal, including transition arrangements for pupils who will attend the new primary school.
- 1.3 Note that the Council is liaising with Edinburgh Leisure with the intention of securing additional outdoor space for Gracemount Primary School.

Background

- 2.1 On [13 December 2016](#) the Education, Children and Families Committee approved that a statutory consultation should be undertaken for the delivery of a new primary school in south east Edinburgh, with associated changes to the catchment areas of existing primary and secondary schools.
- 2.2 For the purposes of this report, the south east Edinburgh area is defined as the area currently covered by the two primary school catchment areas of Gracemount Primary School and Gilmerton Primary School (Figure 1).
- 2.3 School roll projections show that new housing development will lead to school accommodation pressures in south east Edinburgh by 2020. It was therefore necessary to progress a statutory consultation in order that a new non-denominational primary school in the area can be delivered within this timescale, and to enable an efficient use of existing education infrastructure.
- 2.4 Three existing primary schools (Gracemount, Gilmerton and Liberton) and two secondary schools (Gracemount High and Liberton High) will be directly affected by the proposals.



2.5 In summary, the statutory consultation paper proposed the following:

- Establish a new non-denominational primary school and nursery within the 'Broomhills' housing site, incorporating parts of the existing catchment areas for Gracemount and Gilmerton Primary Schools within the catchment area for the new school.
- Realign the existing catchment boundaries so that The Murrays estate and parts of Gilmerton Dykes and Lasswade Road are within the catchment area of Gracemount Primary rather than that of Gilmerton Primary School.
- Realign existing catchment boundaries so that the northern part of the Alnwickhill Water Treatment Works development site is within the catchment area of Gracemount Primary rather than that of Liberton Primary School.
- Align the new primary school to Gracemount High School.
- Reduce the catchment area of Liberton High School (which includes the current dual catchment area) so that it no longer covers Burdiehouse, The Murrays, or the parts of Gilmerton Dykes and Lasswade Road which will be within the catchment area of Gracemount Primary School and Gracemount High School.
- Reduce the catchment area of Gracemount High School (which includes the current dual catchment area) so that it no longer covers the area on the west side of Lasswade Road which will remain within the Gilmerton Primary School and Liberton PS High School catchment areas.

- Realign the catchment boundary so that northern part of the Alnwickhill development site is within the catchment area of Gracemount High School rather than that of Liberton High School.
- 2.6 The statutory consultation paper proposed that the catchment changes would be effective from the November prior to the new primary school opening, in time for the P1 and S1 registration process. It is currently expected that the new school would open in August 2020, although this is dependent on how the 'Broomhills' housing development progresses.
 - 2.7 The proposed catchment changes would only apply to new P1 and S1 pupils. There would be no mandatory transfer for pupils already attending another school; however pupils in P2-P7 who are within the catchment of the new primary school would be given the opportunity to make an application to attend the new school should they wish to do so.
 - 2.8 Roman Catholic School catchment areas are unaffected by the proposal set out in the statutory consultation paper.

Main report

- 3.1 The statutory consultation period ran from 16 January 2017 to 3 March 2017. The full [statutory consultation paper](#) is available online and a summary paper is provided in Appendix 1. A copy of the full statutory consultation paper is also available in the Elected Members lounge for reference.
- 3.2 Two public meetings were held during the consultation period: one at Gilmerton Primary School on 31 January 2017 and one at Gracemount Primary School on 9 February 2017. Each public meeting was independently chaired. Council officials answered questions following a short presentation. Minutes of each meeting are included in Appendix 2.
- 3.3 Representations on the proposal were invited by letter, email or through a specifically designed online response questionnaire. Twenty representations were received. The number of completed online questionnaires was 18, with two comments received by email. The tables in Appendix 3 and Appendix 4 list all the representations received and a summary of the issues that were raised. The full submissions are available in the Elected Members lounge for reference.
- 3.4 The majority of the online submissions were from parents or local residents. Two members of school staff, the Gilmerton Primary School Parent Council and SPOKES also completed the online questionnaire. During the consultation period a number of issues relating to their school were also raised by Gracemount Primary School Parent Council.
- 3.5 Those who responded using the online questionnaire were asked whether they support the proposal. Thirteen (72%) responded that they did and five (28%) responded that they did not.
- 3.6 A consultation exercise with P4 pupils was also carried out by Quality Improvement Officers at Gilmerton Primary School and Gracemount Primary

School. The exercise was focused on what the pupils thought the new primary should be like. All comments that were submitted by pupils are available in the Elected Members lounge for reference.

Key Themes and Issues and Council Responses

- 3.7 This section draws out the main themes and issues that were raised during the consultation period and sets out the Council's response.

New Primary School Issues

- 3.8 Issues about the school site location, the delivery timescale and the design of the school were raised. The Council's response to these issues is set out in detail in Appendix 4. No change to the proposal set out in the statutory consultation paper is proposed.
- 3.9 The new school will provide a modern learning environment which will promote creative and engaging teaching approaches and offer facilities that will encourage health and wellbeing, participation in sport and outdoor learning. The design of the new primary school will be subject to a detailed planning application following engagement with existing schools and the local community and be influenced by outcomes from the [Future Schools Project](#). The consultation exercise that was carried out with P4 pupils will feed into this process.

Access and Travel Routes

- 3.10 Issues about active travel, safer routes, traffic and congestion were raised. The Council's response to these issues is set out in detail in Appendix 4. No change to the proposal set out in the statutory consultation paper is proposed.
- 3.11 Prior to the submission of a planning application for the new primary school, a review of traffic and pedestrian issues will be undertaken. The new school will have a Travel Plan to encourage pupils to walk to school. The Travel Plans at existing schools will be updated to reflect the proposed changes in the catchment boundaries.

Catchment Areas and Placement Guarantees

- 3.12 There was general support for the proposed catchment boundaries; however there were concern that siblings may have to attend different schools. Concern was also raised that the ending of the dual secondary school catchment arrangement could mean that pupils currently at Gilmerton Primary School may have to attend a different secondary school to their friends.
- 3.13 The Council's response to these issues is set out in detail in Appendix 4. No change to the proposal set out in the statutory consultation paper is proposed. It is recommended that a sibling guarantee is not offered, and standard process for the placement of non-catchment pupils should apply.

Gracemount Primary School Issues

- 3.14 Issues about short term accommodation pressures, the need for investment in the school and playground, and the need to maintain access to adjacent pitches were raised.
- 3.15 The Council's response to these issues is set out in detail in Appendix 4. No change to the proposal set out in the statutory consultation is proposed, although the Council is currently liaising with Edinburgh Leisure with the intention of securing additional outdoor space for Gracemount Primary School.

Gilmerton Primary School Issues

- 3.16 Issues about potential changes to the school roll and the impact this would have on the school and funding were raised. The Council's response to these issues is set out in detail in Appendix 4. No change to the proposal set out in the statutory consultation paper is proposed.

Other Issues

- 3.17 Other issues relating to investment in Liberton High School, wider school catchment changes, nursery and healthcare provision were also raised. The Council's response to these issues is set out in detail in Appendix 4. No change to the proposal set out in the statutory consultation paper is proposed.

Education Scotland

- 3.18 As required by the Schools (Consultation) (Scotland) Act 2010 as amended by the Children and Young People (Scotland) Act 2014, all of the responses received during the public consultation were made available to Education Scotland for their consideration. Education Scotland visited all of the schools directly affected by the statutory consultation and discussed the educational aspects with staff, parents and pupils before producing their final report. A report from Education Scotland providing their response to the proposal was submitted in March 2017. This report is attached in Appendix 5.
- 3.19 The conclusion of Education Scotland is that the proposal has clear educational benefits. The report states that '*the proposal has the potential to provide children who will reside in the newly formed catchment areas with modern, purpose built accommodation designed to meet the needs of its learners. Once the new school is built, it should reduce the possibility of overcrowding at both Gracemount and Gilmerton Primary Schools*'. Education Scotland noted that almost all stakeholders who met with HM Inspectors support the proposal.
- 3.20 Education Scotland did comment that in taking the proposal forward, the Council should continue to engage with stakeholders over its planned transition arrangements for children who will attend the new school and those children who attend Gracemount and Gilmerton Primary Schools. Education Scotland also suggest that a close watching brief is also required on the implications of the new housing developments in South East Edinburgh on associated secondary provision.

Response to Education Scotland

3.21 The Act requires that the Council's Outcome of Consultation report include 'a statement of the authority's response to Education Scotland's report'. The Council's response to the four key issues is provided in the following table.

<p>Issue Raised</p>	<p>The Council should ensure that effective and well communicated interim transition measures relating to class arrangements and use of existing classroom space are put in place. It will be particularly important to ensure that the first groups of children from the new 'Broomhills' catchment are well supported to attend established local schools while their school is being built, while ensuring there is no detriment to current pupils attending these schools.</p>
<p>Council Response</p>	<p>The P1 intake at the existing schools will be monitored and measures put in place to make sure that the facilities and educational support available are appropriate.</p> <p>Projections indicate that Gracemount Primary School may have to operate 19 classes in order to accommodate the growth in pupil numbers up to 2020. The current school building could accommodate this number of classes.</p> <p>Projections indicate that the roll at Gilmerton Primary School will continue to rise until 2020 and a 21 class organisation may be required. The school currently has 19 classes and therefore temporary arrangements may need to be put in place to accommodate the short to medium term growth. The statutory consultation paper identifies that continuing capacity pressures at the school after 2020 will have to be addressed by either delivering a second new primary school in the area, progressing further catchment changes or providing additional accommodation at the existing school.</p> <p>The Quality Improvement Officer for the schools affected by the proposal will monitor and evaluate attainment and achievements and ensure that any necessary actions are included in school Improvement Plans on an ongoing basis.</p>
<p>Issue Raised</p>	<p>The Council should continue to engage with stakeholders over its planned transition arrangements for children who will attend the new school and those children who attend Gracemount and Gilmerton Primary Schools.</p>

Council Response	<p>Pupils in P2-P7 that are within the catchment area of the new primary school would be given the opportunity to apply to attend the new school should they wish to do so.</p> <p>A working group will be established to oversee the educational and health and wellbeing aspects of the proposal and consider the processes and support that are required to facilitate the transfer of pupils.</p> <p>The group would ensure that in advance of the opening of the new school, the Council had put in place measures to effectively support pupils and parents transferring to the new school or pupils affected by the transfer of friends and peers to the new school.</p> <p>Other transitional measures would include the appointment of the new school's Head Teacher at least six months prior to its opening to allow time to become familiar with pupils, parents and staff at affected schools, appoint staff, oversee the completion and occupation of the building and take a leading role in establishing relationships within the new school community.</p> <p>The Quality Improvement Officer for the schools affected by the proposal will monitor and evaluate attainment and achievements and ensure that any necessary actions are included in school Improvement Plans on an ongoing basis.</p>
Issue Raised	<p>Parents, children and staff wish to continue to be consulted about staffing, safe routes to school, and access to popular and well attended after-school and school holiday programmes.</p>
Council Response	<p>Prior to the submission of a planning application for the new primary school, there will be engagement with existing schools and the local community in relation to its design and facilities.</p> <p>A review of traffic and pedestrian issues will also be undertaken. A Travel Plan to encourage pupils to walk to school will be put in place once the new school is operational. Travel Plans for the existing schools which are directly affected by the proposal will be updated to reflect the new catchment boundaries.</p>
Issue Raised	<p>A close watching brief is also required on the implications of the new housing developments in South East Edinburgh on secondary provision.</p>
Council Response	<p>The Council's Action Programme identifies a need for additional secondary school capacity to accommodate 522 pupils estimated to be generated by new housing within the catchment of Gracemount High School and Liberton High School. Feasibility work is required to determine an appropriate way of delivering additional capacity.</p> <p>A feasibility study considering the delivery of additional capacity at Liberton High School is currently being progressed through the Wave 4 investment programme.</p>

Conclusions

- 3.22 It is concluded that there is support within the wider community to proceed with the proposal set out in the statutory consultation paper and it is recommended that it should be progressed.
- 3.23 The date from when the proposed catchment changes would be effective is the November prior to the new primary school opening. It is currently expected that the new school would open in August 2020.
- 3.24 A working group will be established to oversee the educational and health and wellbeing aspects of the proposal, including transition arrangements for pupils who will attend the new primary school.
- 3.25 The Council will continue to liaise with Edinburgh Leisure with the intention of securing additional outdoor space for Gracemount Primary School.

Measures of success

- 4.1 The provision of sufficient classroom accommodation to meet current and future demand for primary school places within south east Edinburgh.

Financial impact

- 5.1 The financial implications on future capital and revenue budgets of the adopted LDP Action Programme, which includes the proposed new school, were reported to the Finance and Resources Committee on [19 January 2017](#). This report identifies 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. This was undertaken and an LDP capital budget is now available to cover the costs of progressing delivery of the school during 2017-18.
- 5.2 If 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 future budget processes in order for the school to be delivered by August 2020.

Capital Costs

- 5.3 A construction cost estimate for a 14 class school and nursery on the identified site is £19,591,945. This includes an estimated cost of site acquisition, servicing and remediation, but does not take account of future cost inflation beyond Q2 2017.

Additional Revenue Costs

- 5.4 A new school would lead to an increase in revenue costs for the Council. The additional annual revenue costs are estimated to be £1,524,293 in total, which includes additional staffing and premises costs.

- 5.5 As well as the additional teaching and support staff, there would be a requirement to create and fill all the management and non-teaching staff positions associated with running a separate primary school. These positions would include a Head Teacher, a Business Manager, admin/clerical staff, dining room staff and janitorial staff. The estimated additional staffing costs (based on 2016 levels) is £1,208,000.
- 5.6 The creation of a new school building would also result in additional building running, maintenance and repair costs for the school estate. The maintenance burden for the new building is likely to be low in the short to medium term but would increase over time. The estimated additional premises cost is £316,295. This includes an estimated average annual repairs spend based on BCIS standard rates.

Risk, policy, compliance and governance impact

- 6.1 The most significant risk to the recommendations made in this paper is that the new school cannot be delivered at an appropriate time and the measure of success is not achieved.

Equalities impact

- 7.1 There are no negative equality or human rights impacts arising from this report.
- 7.2 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.

Sustainability impact

- 8.1 The primary purpose of the consultation is to ensure that school accommodation is sufficient to support the sustainable economic growth of the city. The proposed new primary school would be designed to minimise its impact on carbon emissions and energy consumption. The proposal is not expected to lead to an increase in the need for pupils to travel to school by car as reduced catchment sizes will help to promote walking and cycling.

Consultation and engagement

- 9.1 The statutory consultation process ran from 16 January 2017 to 3 March 2017 and has been 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.

Background reading/external references

Report to the Education, Children and Families Committee on [13 December 2016](#) which proposed that a statutory consultation should be undertaken for the delivery of a new primary school in south east Edinburgh, with associated changes to the catchment areas of existing primary and secondary schools.

Alistair Gaw

Executive Director of Communities and Families

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Links

Council outcomes [CO1](#) and [CO2](#)

Single Outcome Agreement [SO3](#)

Appendices

Appendix 1 – Summary of the Statutory Consultation Paper

Appendix 2 – Minutes of the Statutory Consultation Public Meetings

Appendix 3 – Summary of Representations

Appendix 4 – Issues Raised and Council Response

Appendix 5 – Education Scotland Report

Consultation on Proposal to Establish a New Non-Denominational Primary School and Implement Catchment Changes to Address School Capacity and Accommodation Pressures in South East Edinburgh

Summary Paper

www.edinburgh.gov.uk/newsoutheastschool

What is being proposed?

Primary schools

- Establish a new non-denominational primary school and nursery for south east Edinburgh, incorporating parts of the existing catchment areas for Gracemount and Gilmerton Primary Schools within the catchment area for the new school.
- Realign existing catchment boundaries so that The Murrays estate and parts of Gilmerton Dykes and Lasswade Road are within the catchment area of Gracemount Primary School rather than that of Gilmerton Primary School.
- Realign existing catchment boundaries so that the northern part of the Alnwickhill Water Treatment Works development site is within the catchment area of Gracemount Primary School rather than that of Liberton Primary School.

Secondary schools

- Align the new non-denominational primary school to Gracemount High School.
- Reduce the catchment area of Liberton High School (which includes the current dual catchment area) so that it no longer covers Burdiehouse, The Murrays, or the parts of Gilmerton Dykes and Lasswade Road which it is proposed will be within the catchment area of Gracemount Primary School.
- Reduce the catchment area of Gracemount High School (which includes the current dual catchment area) so that it no longer covers the area on the west side of Lasswade Road which will remain within the Gilmerton Primary School catchment area.
- Realign the catchment boundary so that the northern part of the Alnwickhill Water Treatment Works development site is within the catchment area of Gracemount High School rather than that of Liberton High School.

Maps showing the existing and proposed catchment areas have been included within this summary paper.

Where will the new south east Edinburgh primary school and nursery be located?

It is proposed that the new school will be built on a two hectare site at the north east corner of the area of land known as the 'Broomhills' housing development site. This housing site is to the south of Frogston Road East and between Burdiehouse Road and Broomhills Road.

Why do we need a new primary school in South East Edinburgh?

A large amount of new housing development is expected in the area. The existing primary schools in the area will not have sufficient spare capacity to accommodate the additional pupils.

Why does the proposal include changes to the catchment areas of existing primary schools?

The catchment changes will free up capacity in the existing primary schools so that they can accommodate an increase in the number of catchment pupils from development sites. The changes will enable the Council to continue to provide catchment school places for catchment children.

It is proposed that all pupils from new housing which is being built on the site of the former Alnwickhill Water Treatment Works facility will be within the catchment area of Gracemount Primary School, which is their closest primary school.

Why does the proposal include changes to the catchment areas of existing secondary schools?

Secondary school catchment areas will be aligned with the catchment boundaries of their feeder primary schools. There will be no need to operate a dual catchment area for Gracemount High and Liberton High School. This will allow the transition planning from individual primary schools to be more effectively focused.

Who will the changes affect?

The addresses of the properties which will be directly affected by the proposal are listed at the back of this summary paper.

The catchment changes will only apply to new P1 and S1 pupils. There would be no mandatory transfer for pupils already attending another school; however pupils in P2-P7 within the catchment of the new primary school will have the opportunity to apply to the new school should they wish to do so.

When would the changes come into effect?

If the proposal is approved by the Council, the date from when the proposed catchment changes would be effective is the November prior to the new primary school opening, in time for the P1 and S1 registration process. The new school is currently expected to be open in August 2020, although this is dependent on the 'Broomhills' housing development progressing as expected.

Why are we consulting?

We want to hear the views of anyone affected by the proposals. There is also 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.

How will I know if my views have been considered?

All comments made during the statutory consultation period will be recorded and represented in a final 'Outcomes of the Consultation Report' that we expect to be considered by Council in June 2017. The report will be published three weeks in advance of the Council meeting and parents of pupils attending affected schools and anyone who has responded to the consultation will be notified of its publication.

How can I find out more about the proposals or make my views heard?

If you want more information you can find the full consultation paper and other supporting information at www.edinburgh.gov.uk/newsoutheastsschool.

We have also organised two public meetings, as below:

Venue	Date	Time
Gilmerton Primary School	Tuesday 31 January 2017	6.30pm – 8.30pm
Gracemount Primary School	Thursday 9 February 2017	6.30pm – 8.30pm

Each meeting will open with a short presentation about the consultation and what is proposed, followed by a question and answer session. We will take a note of the meeting and all of the points made will be captured in the final 'Outcomes of the Consultation Report'. You can attend any meeting which suits you.

Please telephone (0131) 469 3161 by Monday 23 January 2017 if you need translation services or childcare at the meeting.

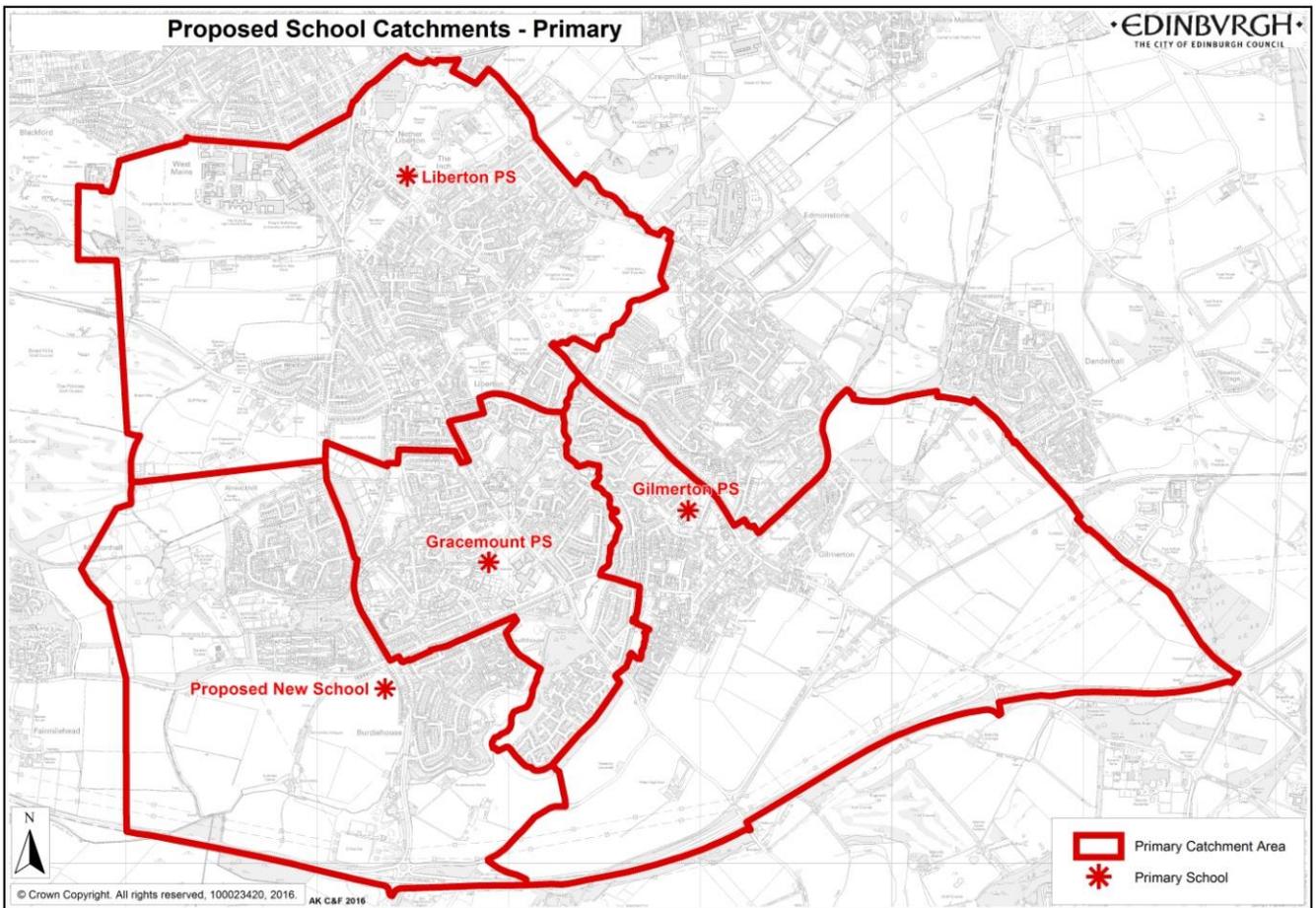
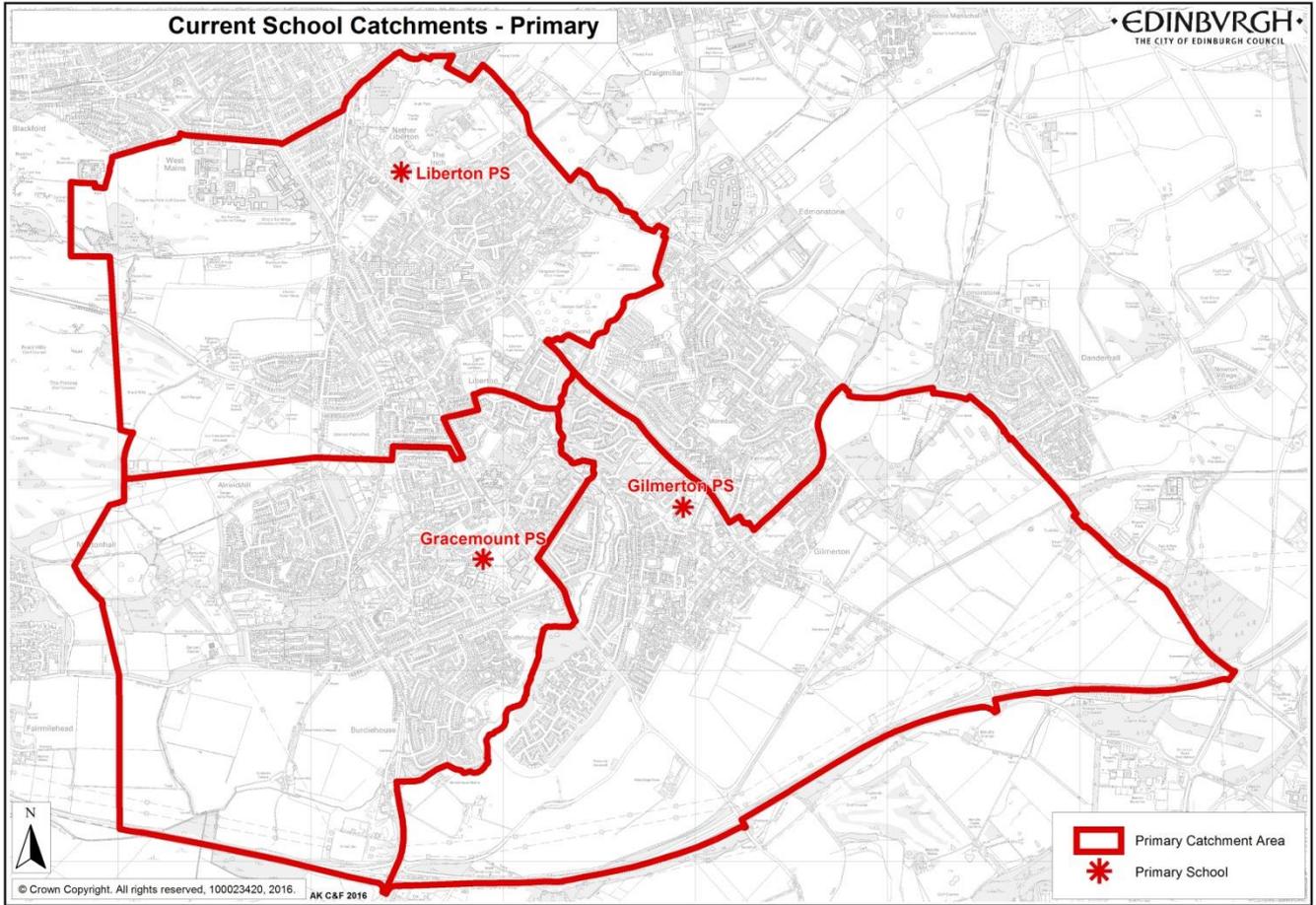
Tell us your views: public consultation period closes Friday 3 March 2017

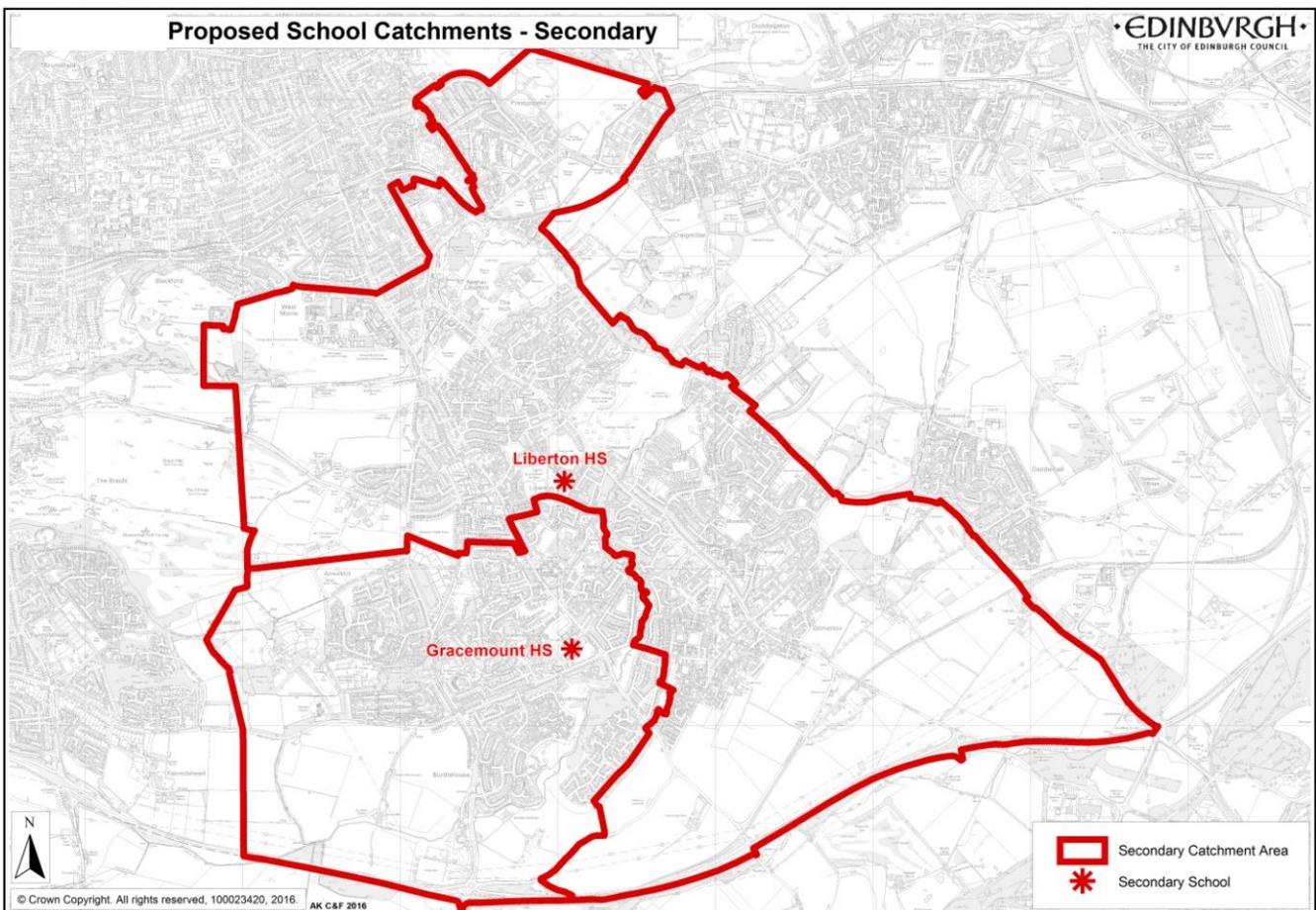
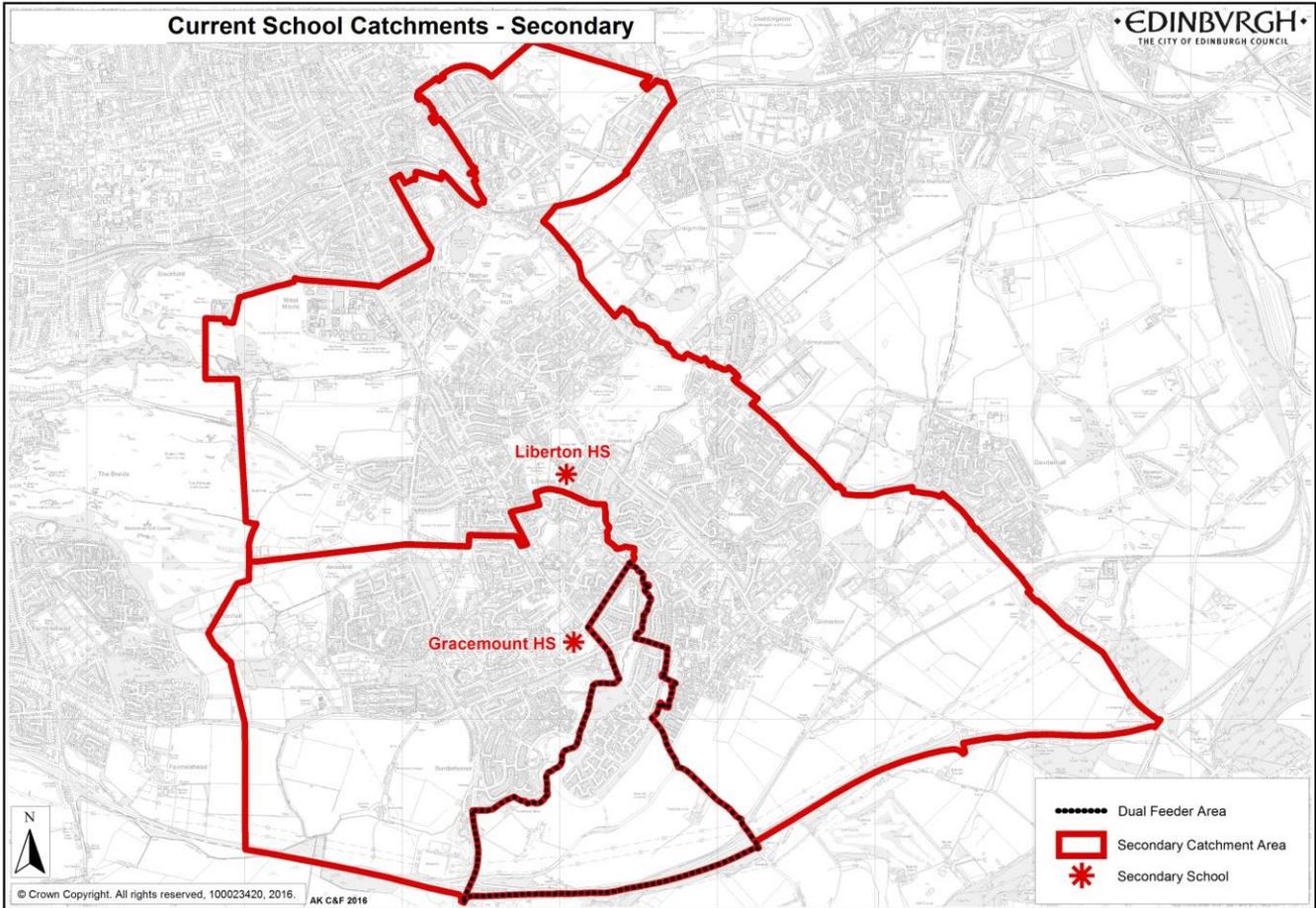
It would be helpful if you could take time to complete our short survey – you can find it easily online at www.edinburgh.gov.uk/newsoutheastsschool. If you don't have internet access then you can view the full consultation paper at one of the affected schools or at Gilmerton Library.

You can also email comments to us directly at new.southeastsschool@edinburgh.gov.uk or if you prefer they can be posted to:

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

All comments should arrive by Friday 3 March 2017.





List of Affected Addresses

The addresses listed below are properties which were registered with the Council as at November 2016 and will be directly affected by the proposals. For confirmation of which catchment area will apply to properties not listed below please refer to the proposed catchment area maps on pages 4 and 5 or email new.southeastsschool@edinburgh.gov.uk or call 0131 469 3161.

The addresses are grouped according to the school catchment change that will directly affect them:

- 1) Gracemount Primary School to New South East Edinburgh Primary School;
- 2) Gilmerton Primary School to New South East Edinburgh Primary School;
- 3) Gilmerton Primary School to Gracemount Primary School;
- 4) Liberton Primary School to Gracemount Primary School;
- 5) 'Gracemount High School / Liberton High School Dual Catchment' to Gracemount High School Only
- 6) 'Gracemount High School / Liberton High School Dual Catchment' to Liberton High School Only
- 7) Liberton High School to Gracemount High School

1) Gracemount Primary School to New South East Edinburgh Primary School

Street	Properties
Alnwickhill Court	All numbers 1 to 34
Alnwickhill Crescent	All numbers 1 to 21
Alnwickhill Drive	All numbers 1 to 49, 51, 53, 55
Alnwickhill Gardens	All numbers 1 to 36
Alnwickhill Grove	All numbers 1 to 21, 23, 24, 25, 26, 27, 28
Alnwickhill Loan	All numbers 1 to 16, 18, 19, 20, 21, 23, 24
Alnwickhill Park	All numbers 1 to 40
Alnwickhill Road	Even numbers 124 to 174
Alnwickhill Terrace	All numbers 1 to 28
Alnwickhill View	All numbers 1 to 19
Backlee	All numbers 1 to 21
Burdiehouse Avenue	All numbers 1 to 52, 54, 56, 58, 60
Burdiehouse Crescent	2, 3
Burdiehouse Crossway	All numbers 1 to 8
Burdiehouse Drive	All numbers 1 to 89, 91
Burdiehouse Loan	All numbers 1 to 8
Burdiehouse Medway	All numbers 1 to 8
Burdiehouse Place	All numbers 1 to 8
Burdiehouse Road	All numbers 1 to 26
Burdiehouse Square	All numbers 1 to 18
Burdiehouse Street	Even numbers 2 to 24, 25, 26, 28, 30, 32, all numbers 33 to 57, 59, 61
Burdiehouse Terrace	All numbers 1 to 25, odd numbers 27 to 67
Frogston Road East	1 Broomhill Farm Cottages, 3, 4, 6, 7, 9, 11, 13, 15, 17, 39, 41, 43, 45, 47, 49, 51
Howden Hall Court	All numbers 1 to 27, 29, all numbers 31 to 53
Howden Hall Crescent	All numbers 1 to 34, even numbers 36 to 52

Howden Hall Drive	All numbers 1 to 129, 131 to 142, 144 to 151, odd numbers 153 to 167
Howden Hall Gardens	All numbers 1 to 32
Howden Hall Loan	All numbers 1 to 45
Howden Hall Park	All numbers 1 to 36
Howden Hall Road	2, 4, 6, 8, 10, 12, 14, 30B, 30C, 32, 34, even numbers 42 to 84
Howden Hall Way	All numbers 1 to 35
Janefield	All numbers 2 to 14
Liberton Drive	95, 99, 101
Mortonhall Gate	7, 38, 44, 47, 49, 50, 52, 54, 57, 59, 76
Mortonhall Park Avenue	All numbers 1 to 32, 34
Mortonhall Park Bank	All numbers 1 to 12
Mortonhall Park Crescent	Odd numbers 1 to 17, all numbers 18 to 60, even numbers 62 to 76
Mortonhall Park Drive	Odd numbers 1 to 27
Mortonhall Park Gardens	All numbers 1 to 25
Mortonhall Park Green	All numbers 1 to 25, odd numbers 27 to 33
Mortonhall Park Grove	Odd numbers 1 to 13
Mortonhall Park Loan	All numbers 1 to 18
Mortonhall Park Place	1, 2
Mortonhall Park Terrace	All numbers 1 to 13, 15
Mortonhall Park View	All numbers 1 to 57, 59, 61
Mortonhall Park Way	All numbers 1 to 16
Netherbank	All numbers 1 to 68
Netherbank View	All numbers 1 to 17
Old Burdiehouse Road	35, 39, 39A, 39B, 39C, 39D, 39E, 41, all numbers 43 to 53, even numbers 56 to 66, 66B
Southhouse Avenue	2, all numbers 4 to 16, 18, 18A, 20, 22, 24, all numbers 25 to 34, 36, 38, 40, 42, 43, 44, 45, 46, 47, 48, 49, 51, 53, 55, 57, 58, 59, 60, 61, 62, 63, 64
Southhouse Brae	All numbers 1 to 18, 20
Southhouse Broadway	3, 5, all numbers 7 to 42, 44, all numbers 46 to 107, 109, 111, 113, 115, 117, 119, 121, 123, 125
Southhouse Close	All numbers 1 to 12
Southhouse Crescent	1, 3, 5, 7, 11, 21, 22, odd numbers 23 to 51
Southhouse Crossway	Even numbers 2 to 18
Southhouse Drive	Odd numbers 1 to 19, 20, odd numbers 21 to 33
Southhouse Gardens	2, 4, 6, 8, 10, 11, 12, 13, 14, 15, 16, 17, 19, 21
Southhouse Grove	All numbers 1 to 22, even numbers 24 to 40
Southhouse Loan	1, 2, 3, 4, 5, 6, 7, 8, 9, 11
Southhouse Place	1, even numbers 2 to 26, 27, even numbers 28 to 38
Southhouse Road	All numbers 1 to 37, 40, 42, 44A, 54, 56, 58, 60
Southhouse Square	All numbers 1 to 13
Southhouse Terrace	2, 4, 6, 8, 10
Southhouse Walk	1, 2, 3, 4, 6, 8, 10, 12, 14, 16
Stanedykehead	1, 1A, 2, 3, 3B, 4, 4B, 5, 7, 47

2) Gilmerton Primary School to New South East Edinburgh Primary School

Street	Properties
Burdiehouse Road	49, 49A, 51, 53
Clippens Drive	All numbers 20 to 50
Dunnet Grove	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 14, 16, 18, 20, 22
Durie Loan	All numbers 1 to 33
Lime Kilns View	All numbers 1 to 20, 22, 24, 26, 28, 30

3) Gilmerton Primary School to Gracemount Primary School

Street	Properties
Gilmerton Dykes Avenue	All numbers 1 to 49, odd numbers 51 to 87
Gilmerton Dykes Crescent	All numbers 1 to 180, even numbers 182 to 224
Gilmerton Dykes Drive	All numbers 1 to 74, even numbers 76 to 92
Gilmerton Dykes Gardens	All numbers 1 to 25, 27, 29, 31
Gilmerton Dykes Grove	All numbers 1 to 16, 18, 20
Gilmerton Dykes Loan	All numbers 1 to 20, 22, 24
Gilmerton Dykes Place	All numbers 1 to 32, 34, 36, 38, 40
Gilmerton Dykes Street	All numbers 1 to 27, 29, 31, 33, 36, 38, 40, 42, 44, 46, 48, 50, 51, 52, 54, 56, 58
Gilmerton Dykes Terrace	All numbers 1 to 44
Gilmerton Dykes View	All numbers 1 to 8
Lasswade Road	Odd numbers 217 to 277, 278, 278A, 279, 281, 282, 283, 285, 285A, 287, 289, 291, 293, 295, 297
The Murrays	All numbers 1 to 237, odd numbers 239 to 273
The Murrays Brae	All numbers 1 to 114, even numbers 116 to 286

4) Liberton Primary School to Gracemount Primary School

Street	Properties
Coulter Crescent	Odd numbers 17 to 33, 34, 35, 36, 37, 38, 40
Talla Street	26, 28, 32, 34

5) 'Gracemount High School / Liberton High School Dual Catchment' to Gracemount High School Only

Street	Properties
Burdiehouse Road	49, 49A, 51, 53
Clippens Drive	All numbers 20 to 50
Dunnet Grove	All numbers 1 to 10, 12, 14, 16, 18, 20, 22
Durie Loan	All numbers 1 to 33
Gilmerton Dykes Avenue	All numbers 1 to 49, odd numbers 51 to 87
Gilmerton Dykes Crescent	All numbers 1 to 180, even numbers 182 to 224
Gilmerton Dykes Drive	All numbers 1 to 74, even numbers 76 to 92
Gilmerton Dykes Gardens	All numbers 1 to 25, 27, 29, 31
Gilmerton Dykes Grove	All numbers 1 to 16, 18, 20

Gilmerton Dykes Loan	All numbers 1 to 20, 22, 24
Gilmerton Dykes Place	All numbers 1 to 32, 34, 36, 38, 40
Gilmerton Dykes Street	All numbers 1 to 27, 29, 31, 33, 36, 38, 40, 42, 44, 46, 48, 50, 51, 52, 54, 56, 58
Gilmerton Dykes Terrace	All numbers 1 to 44
Gilmerton Dykes View	All numbers 1 to 8
Lasswade Road	Odd numbers 217 to 277, 278, 278A, 279, 281, 282, 283, 285, 285A, 287, 289, 291, 293, 295, 297
Lime Kilns View	All numbers 1 to 20, 22, 24, 26, 28, 30
The Murrays	All numbers 1 to 237, odd numbers 239 to 273
The Murrays Brae	All numbers 1 to 114, even numbers 116 to 286

6) 'Gracemount High School / Liberton High School Dual Catchment' to Liberton High School Only

Street	Properties
Lasswade Road	300, 322, 324, 326, 328

7) Liberton High School to Gracemount High School

Street	Properties
Coulter Crescent	Odd numbers 17 to 33, 34, 35, 36, 37, 38, 40
Talla Street	26, 28, 32, 34

Proposal to Address School Capacity and Accommodation Pressures in South East Edinburgh

Public Consultation Meeting held at 6.30 pm, Tuesday 31 January 2017, Gilmerton Primary School, Edinburgh

Present: Approximately 17 members of the public

In Attendance: Tom Wood (Independent Chair), Councillor Cammy Day (Convener of the Education, Children and Families Committee), Robbie Crockatt (Acting School Estate Planning Manager, Communities and Families), Crawford McGhie (Acting Head of Operational Support, Communities and Families), Ian Tame (School Estate Planning Officer, Communities and Families), Therese Laing (Quality Improvement Officer, Communities and Families), Ben Wilson (Local Planning Policy Team Manager), Rebecca Annand (Head Teacher, Gilmerton Primary School), and Veronica MacMillan (Committee Services).

1. Introduction

Councillor Cammy Day, Convener of the Education, Children and Families Committee welcomed everyone to the consultation meeting. Councillor Day advised that he understood the need for new housing and education provision in the South East of Edinburgh, and recognised that this need brought challenges with it. Councillor Day hoped that the proposals presented would go some way towards meeting the needs of pupils and parents in the local community. The officers present would be able to answer questions that arose, and Councillor Day assured parents that if officers were unable to give answers they would seek a response as quickly as possible. Councillor Day then handed over to Tom Wood, the appointed independent chair of the meeting.

Tom Wood introduced himself and advised that he had been invited by the City of Edinburgh Council as an independent person to chair the public consultation meeting. The consultation was based on a proposal to address primary school capacity and accommodation pressures in South East Edinburgh.

The Schools (Consultation Scotland) Act 2010 required the Council to conduct a public consultation ahead of a report on the proposal going to the City of Edinburgh Council for consideration in June 2017. The public consultation would provide people with the opportunity to express their views and feed directly into the consultation process.

Members of the audience were advised that this was the first of two public consultation meetings. The second meeting would be held on Thursday 9 February 2017 from 6.30pm until 8.30pm at Gracemount Primary School. Reassurance was given that no decision had been made in terms of proposed changes, and the consultation process would encompass the views of parents and the public to ensure that the final decision would reflect these views. A decision would be taken by elected members at the meeting of the Full Council in June 2017. The decision would be based on a report that incorporated all the views expressed by parents and members of the public.

Officers that represented the Council were introduced and a presentation was given, as described below.

2. Presentation/Proposal

Ian Tame (School Estate Planning Officer, Communities and Families) delivered a presentation that provided some background information on the reasons behind the requirement to address the accommodation pressures in south Edinburgh.

Requirement for Change

There was a requirement for a new primary school in south east Edinburgh because of the number of new housing developments that were expected to be built over the next 10 years and the number of children that would be moving into the area. Gilmerton and Gracemount Primary Schools would not have sufficient capacity to accommodate the number of children moving into the area.

In December 2016 the Education Children and Families Committee approved a statutory consultation on the proposal to establish a new Non-Denominational Primary School and implement catchment area changes to address school capacity and accommodation pressures in south east Edinburgh.

Proposal

The proposal was to establish a new non-denominational primary school and nursery within the 'Broomhills' housing development site, incorporating parts of the existing catchment areas for Gracemount and Gilmerton Primary Schools within the catchment area for the new school.

Catchment boundaries were proposed to be realigned so that The Murrays estate and parts of Gilmerton Dykes and Lasswade Road were within the catchment area of Gracemount Primary School rather than that of Gilmerton Primary School, and the northern part of Alnwickhill Water Treatment Works development site was within the catchment area of Gracemount Primary School rather than that of Liberton Primary School.

The new non-denominational primary school was proposed to be aligned to Gracemount High School. The catchment area of Liberton High School would be reduced so that it would no longer cover Burdiehouse, The Murrays or the parts of

Gilmerton Dykes and Lasswade Road, which would be within the catchment area of Gracemount Primary School.

Gracemount High School's catchment boundary would also be realigned so that it no longer covered the area on the west side of Lasswade Road which would remain within Gilmerton Primary School's catchment area. The catchment boundary for the northern part of the Alnwickhill Water Treatment Works development site would be realigned so that the whole development would be within the catchment area of Gracemount High School rather than that of Liberton High School.

The date from when the proposed catchment changes would be effective was the November prior to the new primary school opening, in time for the P1 and S1 registration process. The school was currently expected to be open in August 2020, although this was dependent on the 'Broomhills' housing development progressing as expected. The catchment changes would only apply to new P1 and S1 pupils. There would be no mandatory transfer for pupils that were already attending another school, but pupils in P2-P7 within the catchment of the new primary school would have the opportunity to apply to the new school should they wish to do so.

Next Steps

The consultation would end on Friday 3 March 2017. All comments and the minutes of the consultation meetings would be sent to Education Scotland for consideration of the educational effects of the proposal. Education Scotland would issue a report on their findings which would be included in the final Council report on the consultation which would be considered in June 2017.

3. Questions/Comments

Question 1 – Was there a possibility that parents could have two children that attend two different schools after the implementation of the new catchment areas?

Answer 1 – (Crawford McGhie) – There was nothing in the paper about sibling guarantee, but this was something that we would look at closely and would take a report to the Education, Children and Families Committee for their consideration closer to the time of the new school opening.

Question 2 – Is this the final proposal in terms of the streets that are listed in the report that would be affected by the new catchment areas, or would the addresses change every couple of months?

Answer 2 – (Crawford McGhie) – The proposal was based on geography and numbers in terms of the future infrastructure. Any comments that are made on the proposed catchment areas or changes to the proposed catchment areas would be included in the report that would go to Full Council for a decision in June 2017. We are not planning to make any changes but people might suggest changes.

Question 3 – Would children that had started school nursery have to change school, or would they have to change to attend a school nursery that was in their catchment area/in the new school?

Answer 3 – (Robbie Crockatt) – If a child was already in nursery, they would not have to change to a nursery that was in the new school. Staff would work with parents to ensure their children had a smooth transition from nursery to school. Transition work between nursery and schools is common and well established.

Question 4 – If a new nursery was provided when the new school was built, how would this affect the nursery at Gilmerton Primary School?

Answer 4 – (Robbie Crockatt) – There is an ongoing review of nursery provision across the city as a result of a requirement for authorities to deliver increased numbers of free nursery hours.

Question 5 – I have to apply for a place at nursery at the moment, and Gilmerton would be in my catchment area but was quite far away from where we live. Would I be able to apply for a transfer to Gracemount?

Answer 5 – (Robbie Crockatt) – A non-catchment placing request to Gracemount Primary School would be possible but the success of that request will depend on demand for places at the school in that year. The transfer of pupils from Gracemount to a new school could create additional space at Gracemount for non-catchment places but it is not possible to say with any degree of certainty whether this will happen.

(Crawford McGhie) - The new school might not open on time, but the Council would keep parents informed about this and would keep communities up to date.

Question 6 – How much would the new school cost and where would the funding come from?

Answer 6 – (Ian Tame) – £11.3 million in capital costs. As each planning application for housing comes forward we would ask the developers to make a contribution towards the costs of building the new school.

Question 7 – Do the housing developers have the money to do this?

Answer 7 – (Ian Tame) – This would be a condition of the planning application being approved.

Question 8 – Would any children have to transfer?

Answer 8 – (Crawford McGhie) – There will be no mandatory transfer for pupils already attending another school.

Question 9 – There had been a number of schools closed across Edinburgh recently due to structural issues. Who will be building the new school? Would it be the same builders used for the schools that had issues?

Answer 9 – (Crawford McGhie) – We don't know who would be building the new school as a tender process has to take place to choose a builder.

Question 10 – Was the Section 75 contribution money earmarked? Has the legal agreement been signed yet with Barratts? The consultation was not about whether the school would be built or not, it was a statutory requirement. There were concerns about traffic control around the Broomhills site. Alterations to the traffic flow on a narrow road had raised safety concerns. There would be a busy road and it is not possible to widen the narrow road. How would children get to the new school safely?

Answer 10 – (Crawford McGhie) – The Section 75 contribution would include inflation costs. The Council could only ask for contributions from developers for the number of houses built and the pupils that would be generated.

The legal agreements had not been signed yet. A working group would be set up with the developers regarding access to the Broomhills site, and a travel plan would be created to ensure the safety of pupils going to and from school.

The Council has a statutory requirement to deliver education, and if the Council was not able to adopt the proposal that has been put forward to the community for consultation, the Council would have to find an alternative means of meeting its statutory obligations.

(Ben Wilson) – The local development plan shows where the development sites are. The additional housing sites that received planning permission through appeal in December 2016 have been the subject of an educational appraisal that has looked at the educational needs of the additional sites.

An impact assessment has been carried out in terms of the potential transport impact of the site at Frogston Road. There are walking and cycling action plans that can be put into place to improve road safety. The Council can consider the installation of infrastructure that can help mitigate the impact of traffic. There was a requirement to make sure that there is access to bus, walking and cycling routes.

Question 11 – There are proposals to increase the speed limit on Burdiehouse Road from 30 to 40 mph and there are concerns about children walking to school. Would there be a new crossing at the site?

Answer 11 – (Ben Wilson) - An Action Programme was published last month with proposals for Burdiehouse. The actions don't specify what the changes will be yet. The key thing is that people of all ages can walk or cycle to school.

Comment 12 - As part of the consultation, one thing that had been requested was a walkway across the road.

Answer 12 - (Ben Wilson) - Old Burdiehouse Road needs street improvements, which would not involve an underpass or a bridge.

Question 13 – The bus route that has been proposed, where will it run? Will it go through the Murrays? There could be concerns about road safety if there was a bus route through the Murrays.

Answer 13 – (Ben Wilson) – The street running through the Murrays was designed to be wide enough to allow a bus to travel along the street, to future proof the option to have a bus running through the entire area. Some people will chose to walk and some will chose to take the bus.

Question 14 – I am new to the area and only just heard about the proposed new school. As a resident of Frogston Road I am concerned about the increase in traffic, especially at the junction between Frogston Road and Burdiehouse Road.

Answer 14 – (Ben Wilson) – The negotiations over the legal agreement are still ongoing. The access points to the school were demonstrated on the map. The Council carried out a consultation on the Local Development Plan in 2012/13 and community councils were involved in this process.

Comment – The Council is only required to consult with 10 per cent of local households. In 2012/13 Gilmerton did not have a Community Council and only a petition led to the Community Council being formed. There has not been any real consultation, the process is poor and applies right across the City. Community Councils are not listed too. There is a lesson here in terms of the planning process.

Question 15 – I am really concerned about the traffic increase on Frogston Road. How are children expected to cross the road safely? There has been no process to allow residents to contribute to the consultation.

Answer 15 - (Crawford McGhie) – Within the planning application the routes to school have to have a health check. Safe routes to school are a top priority of the Council. People also have the opportunity to comment on this as part of the consultation.

Question 16 – I currently stay at the Murrays and my daughter will no longer be in the catchment of Liberton High School because of the proposed changes. I am concerned that my daughter won't get into the same school as her friends.

Answer 16 – (Crawford McGhie) - You would be able to submit an out of catchment request, but we will consider this issue and address it as part of the report to Council.

Question 17 – The ESPC states which properties are part of school catchment areas. Do ESPC keep this information updated and will catchment areas be made clear to prospective buyers?

Answer 17 – Yes, ESPC keep this information updated.

Question 18 – How would I find out which streets are affected and what street my catchment area is in?

Answer 18 – (Robbie Crockatt) – For confirmation of which catchment area your street is in you can email to find out using the email address listed in Appendix 1 of the consultation paper.

Tom Wood (Independent Chair) – Let's summarise the main areas that we have covered so far – planning, funding, sibling guarantee, out of catchment, safety routes, increased traffic and consultation issues. Are there are other topics people would like to raise?

Question 19 – Why was Burdiehouse Primary School knocked down?

Answer 19 – (Ian Tame) – At the time there was not a need for 3 primary schools in the area and we were unaware of the amount of development that would come to the area.

(Ben Wilson) – We make estimates for all new sites, which are updated constantly. We start with the number of houses built on site each year.

Question 20 – Gilmerton and Gracemount nurseries are currently at full capacity, where will local children receive their nursery education?

Answer 20 – (Head Teacher) – Yes, they are at full capacity at the moment, but there may a possibility that there will be increase in the number of hours available at Gilmerton.

(Crawford McGhie/Robbie Crockatt) – The whole Early Years estate is being looked at and capacity will expand to deal with increasing demand. Nurseries are non-catchment based so numbers are unpredictable. As part of the review of the Early Years estate we will be looking at where people are choosing to send their children to nursery. A seamless transition for children from nursery to school is a priority.

4. Conclusion

Cllr Cammy Day thanked everyone for attending and for their high quality contributions and questions. The Council was keen to hear the views of the community and all views/comments would be reflected in the report to the full Council which would be considered in June 2017. Written submissions were also encouraged on the proposed options and all feedback would be considered.

Proposal to Address School Capacity and Accommodation Pressures in South East Edinburgh

Public Consultation Meeting held at 6.30 pm, Thursday, 9 February 2017, Gracemount Primary School, Edinburgh

Present: Approximately 35 members of the public

In Attendance: Tom Wood (Independent Chair), Councillor Cammy Day (Convener of the Education, Children and Families Committee), Robbie Crockatt (Acting School Estate Planning Manager, Communities and Families), Crawford McGhie (Acting Head of Operational Support, Communities and Families), Ian Tame (School Estate Planning Officer), Therese Laing (Quality Improvement Officer, Communities and Families), Greg Dimeck (Head teacher, Gracemount Primary School), Kate Hopper (Senior Planning Officer) and Blair Ritchie (Committee Services).

1. Introduction

Councillor Day introduced himself and explained his role as Convener of the Education Committee. He wanted to hear the views of parents on the proposed school and housing development. There were changes coming as a result of the Local Development Plan. By 2020, there would be the need for one new primary school in the area. All questions would be responded to on the concerns and the impact on your community. There would be a full report to the Council in June 2017. He then introduced Mr Tom Wood as the independent chair.

Mr Tom Wood welcomed everyone to Gracemount Primary School and introduced himself. He would ensure that those in attendance could ask questions and receive full answers. This was the second public meeting regarding the proposal to establish a new primary school within the proposed housing development at Broomhills. At the previous meeting at Gilmerton Primary School on 31 January 2017, there had been a good range of questions. The meeting would be minuted and would be considered as part of the Consultation Outcomes report considered by Council in June 2017. The consultation is being conducted according to the requirements set out in The Schools (Consultation Scotland) Act 2010. The public consultation would provide people with the opportunity to express their views and feed directly into the consultation process.

Officers that represented the Council were introduced and a presentation was given as described below.

2. Presentation/ Proposal

Ian Tame (School Estate Planning Officer, Communities and Families) delivered a presentation that provided some background information on the reasons behind the requirement to address the accommodation pressures in south east Edinburgh.

Requirement for Change

There was a requirement for a new primary school in south east Edinburgh because of the number of new housing developments that were expected to be built over the next 10 years and the number of children that would be moving into the area. Gilmerton and Gracemount Primary Schools would not have sufficient capacity to accommodate the number of children moving into the area.

In December 2016 the Education Children and Families Committee approved a statutory consultation on the proposal to establish a new Non-Denominational Primary School and implement catchment area changes to address school capacity and accommodation pressures in south east Edinburgh.

Proposal

The proposal was to establish a new non-denominational primary school and nursery within the 'Broomhills' housing development site, incorporating parts of the existing catchment areas for Gracemount and Gilmerton Primary Schools within the catchment area for the new school.

Catchment boundaries were proposed to be realigned so that The Murrays estate and parts of Gilmerton Dykes and Lasswade Road were within the catchment area of Gracemount Primary School rather than that of Gilmerton Primary School, and the northern part of Alnwickhill Water Treatment Works development site was within the catchment area of Gracemount Primary School rather than that of Liberton Primary School.

The new non-denominational primary school was proposed to be aligned to Gracemount High School. The catchment area of Liberton High School would be reduced so that it would no longer cover Burdiehouse, The Murrays or the parts of Gilmerton Dykes and Lasswade Road, which would be within the catchment area of Gracemount Primary School.

Gracemount High School catchment area would also be reduced so that it no longer covered the area on the west side of Lasswade Road which would remain within the Gilmerton Primary School catchment area. The catchment boundary for the northern part of the Alnwickhill Water Treatment Works development site would be realigned so that it would be within the catchment area of Gracemount High School rather than that of Liberton High School.

The date from when the proposed catchment changes would be effective was the November prior to the new primary school opening, in time for the P1 and S1 registration process. The school was currently expected to be open in August 2020, although this was dependent on the 'Broomhills' housing development progressing as

expected. The catchment changes would only apply to new P1 and S1 pupils. There would be no mandatory transfer for pupils that were already attending another school, but pupils in P2-P7 within the catchment of the new primary school would have the opportunity to apply to the new school should they wish to do so.

3. Questions and Comments

Question 1 – What percentage of the proposed housing would be built before the start of construction of the new school?

Answer 1 – (Ian Tame) - Construction of the new school would take place as soon as possible. The Authority was now in discussions with the developers to secure a legal agreement to take control of the land for the proposals.

Question 2 – As Burdiehouse Road was very busy, would there be a new pedestrian crossing to address this and would parents be able to drop off their children at the new school?

Answer 2 – (Ian Tame) - There would be a new light controlled crossing at the Burdiehouse Burn. Regarding access and drop off points, it was not Council policy to provide drop off zones, but there should be visitor parking facilities on the site. However, he hoped that people would walk to school.

Comment 3 - There would be a backlog of cars at drop off points and this was a real concern.

Supplementary Comment - Burdiehouse Road was already very busy in the morning.

Answer 3 - (Crawford McGhie) - A planning application would be submitted, which would include a transport assessment.

Question 4 – When would the additional pupils occupy the new building and how would the existing school cope with the additional numbers, before the new school was built?

Answer 4 – (Robbie Crockatt) – It is anticipated that the new school would be operational in August 2020. The Authority would monitor the numbers of pupils at Gracemount Primary School in advance of the new school opening and address any accommodation issues.

Comment 5 – Gracemount Primary School was adversely affected in 2009, with additional children and a new nursery which reduced playground space. However, an area of “no man’s land” had been identified, which could be used to expand the playground.

Answer 5 – (Robbie Crockett) – As school rolls increase, there is greater pressure on facilities and options to reduce this would be considered. This suggestion was valid, would be investigated and would be given a response through the Outcomes report in June 2017.

(Head Teacher) – There were two areas of land for potential expansion of the playground. Firstly, the possible use of “no-man’s land” would be a cheap addition of

space. Secondly, the possible use of pitches at Gracemount Leisure Centre, which was in doubt. The long-term use of the pitches was more problematic

Supplementary Comment – This was not a separate issue, but a practical solution to a long-term problem.

Question 6 – Gracemount Primary School formally held the land which was now Edinburgh Leisure Pitches. It had been agreed that when the leisure centre was built, Gracemount could use the pitches. However, with the reduction of the size of the playground, would there not be further pressure on play space with the possible closure of the pitches and the arrival of new pupils?

Answer 6 – (Councillor Day) – If this land was owned by the Council, then it could be a straightforward process, but PPP land presented a more challenging option. He would discuss this with the Director of Communities and Families who would give a response to the Head Teacher.

(Councillor Austin Hart) – She agreed with the parent's comments and had often raised this issue with the Department. Could land at the end of Gracemount House Drive which was council-owned not be used to compensate for the loss of playground space?

Tom Wood confirmed that this would be checked out.

Question 7 – Might it not be the case that parents moving into this area would have children of both primary and secondary age and had the Authority thought of this?

Answer 7 – (Robbie Crockatt) – The new housing had been considered in both primary and secondary school projections. There would be pupils at various stages, but parents moving within the City often had children in a secondary school already and unlike the younger ones, were less likely to move to the new catchment school.

Question 8 – What would be the likely impact of the proposals on St Catherine's Primary School?

Answer 8 – (Ian Tame) - This consultation was concerned with the non-denominational sector, but he understood that there would be a need for more capacity at St Catherine's and St John's Vianney's Primary Schools. Proposals will be brought forward at an appropriate time.

Question 9 – Would there be increased funding and staffing resources before increasing learning support, as additional support required additional funding?

Answer 9 – (Crawford McGhie) - As the school roll increased, there would be an increase in funding. In relation to funding for staff, the Head Teacher was more qualified to answer this question.

(Head Teacher) - With regard to funding, the budget would have to be considered. An assessment would be carried out on the basis of the number of pupils, and as this increased, there would be an increased allocation for support for children with special needs.

Question 10 – What about the additional facilities required to accommodate the extra children, such as toilets, filing space and dining areas?

Answer 10 – (Robbie Crockatt) – Considering the school capacity and roll projections, the support space was considered to be adequate. There was a specific ratio of toilets for the number of pupils, but the officers would check this out.

Question 11 – Pupils at the current school did not have to move to the new school, if they did not want to. If this was the case, how would this affect the process?

Answer 11– (Robbie Crockatt) – There were many unknown factors to consider. There was no mandatory transfer of pupils to populate the new school. The possible uptake of spaces was an unknown quantity; however, the Authority would monitor this. Additionally, “out of catchment pupils” might apply to the new school. The transfer on a voluntary basis would probably result in an uneven distribution of pupils between year groups, with the later stages being very small. The Authority intended to promote the school and wanted the Head Teacher in place as soon as possible to take a leading role in establishing relationships within the new school community.

Comment 12 – A parent living on Old Burdiehouse Road had seen a huge increase in traffic and they were concerned about safety. Also, the dip in the road encouraged speeding and there was a tendency for “logjams” to form.

Answer 12 – (Kate Hopper) - As part of the preparation of the Local Development Plan, Planning has prepared a Transport Appraisal which has assessed the impact of new development within South East Edinburgh. Additional transport requirements are set out in the LDP Action Programme. This includes traffic management changes as part of the transition from Edge of City to Suburban roads. This would include speed limit changes, traffic lights and pedestrian crossings.

(Crawford McGhie) – It was necessary to ensure Safe Routes to School. At a previous consultation with proposed catchment changes, the Authority had installed infrastructure as a result of parent’s questions.

Supplementary Comment – In a previous meeting, the parents managed to have the proposed school catchment amended, therefore, these meetings were useful.

Question 13 – As the new school would have to be populated, could you clarify when it would be open to enrolment for P1’s to P7, or would this be staggered?

Answer 13 – (Robbie Crockatt) - The new school would be open to all the year groups. Although it is anticipated that the initial school roll might be small, staff allocation would allow the organisation to grow. The registration process for P1 pupils would start in November 2019 for the new term in August 2020 and the transfer process should correlate to this. After January 2020, the probable number of pupils wishing to transfer to the new school would be evident.

Question 14 – In the new school, had thought been given for specialist provision for children with additional needs, such as a language unit?

Answer 14 – (Crawford McGhie) - This had not yet been considered, as the Authority had to wait for the decision of the Council in June 2017 to give thought to the detailed design of the new school. However, if necessary, then attention would be given to this.

Question 15 – The new school was based on 30 pupils to a class and how was this evaluation made? There would also be a reduction in places in special schools.

Answer 15 – (Crawford McGhie) – A capacity of 420 for a 14 class primary school is in line with national guidance. The new school would have both teaching space and break out spaces. There was also the possible mainstreaming of children with special needs.

Question 16 – Parents might find it attractive to send their children to the new school. How could Gracemount be brought up to standard to ensure that parents would still want to send their children there?

Answer 16 – (Crawford McGhie) - The report stated that the new school would be partly funded from contributions from developers. However, funding for the current school estate was limited. It was acknowledged that there is a need to invest in existing infrastructure.

Question 17 – The number of toilets in a school was apparently based on the number of pupils. Was this calculation still valid as it was made 40 years ago and had the issue of children with special needs been considered?

Answer 17 - (Robbie Crockatt) - Although the regulation stating the number of pupils per toilet was decades old, it was still nationally recognised and Gracemount complied with this. In respect of the provision of facilities for children with special needs, this was based on an assessment of the children in a school. If a child needed a particular care facility, then it should be made available to them.

(Head Teacher) – According to the national guidelines, the school had sufficient toilets and there was a toilet refurbishment programme in place. With regard to special needs, there were enough toilets, but changes would be made when required.

Supplementary Question - If more children were to arrive was there sufficient capacity to make changes?

Answer (Head Teacher) - There was sufficient capacity in the school for three additional classes. With regard to the possible loss of nurturing space, according to national regulations, there was sufficient space.

Question 18 – When would you know when the new school would be functional?

Answer 18 - (Ian Tame) - The Council had agreed in principle and was minded to grant the application, but a legal agreement was required. The key aspect was the transfer of the land to the Authority and the trigger point was when the developers started work. The school was expected to be open in August 2020, but this was dependent upon the new housing development progressing as expected.

Supplementary Question – Was this a certainty?

Answer - (Ian Tame) - There was no certainty until the developer started building, but it was hoped that it would take place this year.

Comment 19 – Many people in the community would be affected by the proposals. There was a large amount of Council land and sports facilities that could be used for both the existing school and the new school. A small amount of investment would make parents content and attract pupils to Gracemount.

(Councillor Austin-Hart) - It would make sense to look at Mansion House and the stables at the top of the drive, as part of the wider consideration and to make a decision

on this.

Answer 19 - (Councillor Day) - If the land could be used for schools, the Authority should consider this proposal and it would be checked out by officers.

(Robbie Crockatt) – As the Council moved to localities provision, it was necessary to look at improvement plans and at assets within localities, including school infrastructure. The Communities and Families Service was working with the Council's Strategic Asset Management Team to see how schools could be opened up more widely.

Question 20 – It would be November 2019 when the catchment changes would apply, therefore, what impact would there be on the budget if people moved to Gracemount?

Answer 20 – (Robbie Crockatt) - The budget allocation to the school would be based on the school roll. When the number of staff was established, then the Head Teacher would be informed about the budget allocation. This would be the same with the new school. The staff allocation was specific to that school and its pupil roll.

Pupils outside of the catchment area could apply. If the new school reached its capacity, regarding catchment numbers, then the movement would cease. The budget allocation was related to the school rolls and this should not have an effect on Gracemount.

(Head Teacher) - He had recently received the figures on the allocation of resources.

Supplementary Question - When the budget was set, would this not impact on the schools?

Answer - (Crawford McGhie) -. It was necessary to liaise with colleagues in devolved school management to establish how changes in budgetary arrangements would be addressed, in terms of the transfer of pupils from one school to another.

Question 21 – What would happen if the deadline for August 2020 was not met?

Answer 21 – (Crawford McGhie) – In those circumstances it would be a full year before the school opened, because the P1 intake was the main driver for the opening date.

(Therese Laing) - The transition to the new school needed to be as smooth as possible. A great deal of work will be put into this and an action plan prepared.

Comment 22 – Parents did not trust the Council as after the closure of Burdiehouse, the allocated funding did not reach Gracemount or was used for purposes that were already in the pipeline, prior to the Burdiehouse closure. Any additional funding should reach the school and be used for its intended purpose.

There were additional concerns about the house in the grounds of Gracemount, as anyone could purchase it. However, if the Council purchased the house this could be part of the solution.

Answer 22 – (Crawford McGhie) - The issue of the house had been raised by the Parent Council and was being considered.

Comment 23 – The parents were frustrated as they were getting unsatisfactory answers at the Parent Council meeting. The house was privately owned and could be

sold to anyone for any purpose, which might include anti-social behaviour near a school environment. The proposed fence for security was flimsy. Any problems with the house might lead to expensive court proceedings and, therefore, the Council might want to consider purchasing the house.

Answer 23 – (Crawford McGhie) - This issue needed input from Estates and Facilities Management.

Supplementary Question - This had been raised?

Answer – (Crawford McGhie) - The education service was happy to deal with this issue even if this was out with their remit and would contact the relevant people.

(Councillor Austin Hart) - This had been going on for a considerable length of time and she shared the frustration of the Parent Council. She had corresponded with several members of staff and the response had not been satisfactory.

Question 24 – Were there plans to extend the high schools in the area to accommodate the extra children?

Answer 24 – (Crawford McGhie) - This was proposed in the Local Development Plan Action Programme. Both schools, Gracemount and Liberton High School would be extended when required.

Comment 25 – There were concerns about the drains at Gracemount which were emitting excrement, when children were having their lunch outside. Facilities Management had been contacted, but there had been no progress.

Answer 25 – (Head Teacher) - There had been problems with the drains and with flooding in the Dining Hall, which he had tried to address. The school had received support from Environmental Health and the Parent Council was right to raise this issue.

Question 26 – How would members of the public be kept informed about the process?

Answer 26 – (Crawford McGhie) - After the consultation period, the Authority would collate all comments and forward them to Education Scotland, who would produce a report providing their response to the consultation. The School Estate Planning Team would then prepare an 'Outcomes of the Consultation' report which would be submitted to the Full Council in June 2017 for approval. If the outcome of the consultation is a recommendation to proceed with the proposal and this is approved by Council, the legal process to transfer the land to the Council's ownership would be concluded and the detailed design of the school would be developed through a consultation with the school community. The various steps of the process were available on the Council Website.

Comment – It would be advantageous if feedback on the process was provided as not everyone owned a computer.

Question 27 – Would there still be a facility for an Open Day if the new school was not completed?

Answer 27 – (Crawford McGhie) - At the point of registration at the other catchment schools, the Authority would illustrate to parents what the new school would look like, if it was not yet completed.

Question 28 – At Lasswade Road from the Murrays, the speed limit was still 40 mph. Were there any plans to change this, taking into account the Safer Routes to Schools policy? There had been an accident some years ago and if it had then been a 40 mph limit then, the accident would have been worse.

Answer 28 – (Kate Hopper) - There is a city-wide 20 mph limit strategy, but some main roads were still 40 mph. However, the officers would respond to the parent regarding the proposal for that section of road.

Supplementary Question – A parent stated that they had already raised the speed issue with the Community Council, but nothing had changed. Additionally, the change to the catchment area presented additional hazards.

Answer – (Kate Hopper) - The Authority could change the road to a suburban road and implement speed reduction measures such as crossing points and a new junction. She outlined the actions, where the roads needed to be changed from Major Roads to Suburban Roads.

Question 29 – Considering the influx of children at Gracemount Primary, would the funds be available to provide all the required teaching resources, such as an ICT unit?

Answer 29 – (Crawford McGhie) - The school was currently operating a 17 class operation and if it needed to change spaces to fully functioning teaching spaces, then funds would be provided.

Tom Wood (Independent Chair) – To summarise there had been discussions about the timing and implementation of the proposals, safety and speed limits, the issue of transition and how it would be possible to operate between the existing school and the new school. There had appeared to be some difficulty in receiving the correct responses from the council officers about various issues of concern. These points had been well made and would receive a response from the officers as part of the final outcomes report. The Parent Council had expressed strong feeling and great loyalty towards Gracemount Primary School.

Comment – The Community Council saw this as an opportunity to make small changes to the proposals.

Tom Wood (Independent Chair) – He agreed. This meeting gave an opportunity for parents to express their views. There had been a large amount of positive input tonight, which would be recorded in the minutes and this would be reflected in the report and taken to the Council. All the officers/members at the table would hopefully resolve the issues raised, as required.

Question 30 - There would be an influx of children and this could mean more children coming to Gracemount. With regard to break out areas, Gracemount had a significant number of pupils with special needs and these spaces were used. If the school was to use this space where would the children go?

Answer 30 (Crawford McGhie) - As the school roll rose, the Authority would ensure that the Head Teacher would have all the different types of space he required, such as teaching space and break out space.

Question 31 - How could the parents get a copy of the minutes when they were completed?

Answer 31 - Tom Wood (Independent Chair) - The minutes would be completed and forwarded to himself as the independent chair. They would be made available on the Council website. These minutes were an important part of the report to the Council meeting in June 2017. The result of the discussions at these meetings was of consequence and could make a difference. He then thanked everyone for their questions.

4. Conclusion

Councillor Day thanked everyone for attending the meeting and for their comments, explaining that the consultation could potentially make changes to the proposals and all comments were welcomed by the Authority. The panel would provide a response to the questions, which had not been answered. He explained that the consultation would be open to 3 March 2017 and he explained the process for inputting comments.

Appendix 3 – Summary of Representations

The table below identifies which of the submitted representations supported the proposal and identifies (with an 'x') the theme of any issue raised. The Council's response to the issues raised are set out in Appendix 4.

Online Questionnaire Reference Number	Do you support the proposal? (Y = Yes, N = No)	New Primary School Issues (App. 4 Issue 1 to 6)	Access and Travel Routes (App. 4 Issue 7 to 12)	Catchment Areas, Pupil Transition, Placement Guarantees (App. 4 Issue 13 to 18)	Gracemount Primary School Issues (App. 4 Issue 19 to 24)	Gilmerton Primary School Issues (App. 4 Issue 25 to 26)	Other Issues (App. 4 Issue 27 to 30)
ANON-9E1W-PGCE-5	N			X			
ANON-9E1W-PGCP-G	Y			X			
ANON-9E1W-PGCC-3	Y						X
ANON-9E1W-PGCG-7	Y	X					
ANON-9E1W-PGCX-R	N	X	X				
ANON-9E1W-PGCF-6	N						X
ANON-9E1W-PGCJ-A	Y						
ANON-9E1W-PGCN-E	N				X		
ANON-9E1W-PGCW-Q	Y						
ANON-9E1W-PGCZ-T	N	X			X		
ANON-9E1W-PGCS-K	Y	X					
ANON-9E1W-PGCA-1	Y	X					
ANON-9E1W-PGB8-Q	Y	X	X				
ANON-9E1W-PGBP-F	Y		X		X		
ANON-9E1W-PGBD-3	Y				X		X
ANON-9E1W-PGB9-R	Y		X	X		X	
ANON-9E1W-PGBG-6	Y	X					
ANON-9E1W-PGBQ-G	Y						
Emailed Comment 1				X			
Emailed Comment 2					X	X	

Appendix 4 – Issues Raised and Council response

New Primary School Issues

1	Issue	<ul style="list-style-type: none"> The new school should be in the centre of the Broomhills residential area, easily accessible by active travel, and with minimal access for vehicles. It could become part of the centre of the community, with a shop and other amenities.
		<ul style="list-style-type: none"> The proposed location is too close to busy main roads. There will be noise and air quality issues.
		<ul style="list-style-type: none"> Air quality will suffer from increased traffic in the area. There appears to be no plan to monitor air quality in the area now, during construction or in the future. This could put children in harm's way.
	Response	<ul style="list-style-type: none"> The school site has been secured through the planning application for the wider 'Broomhills' development site and reflects the proposed school location which is set out in the Council's adopted Local Development Plan (LDP). Shops and other amenities are proposed to be delivered at the entrance to the development site. The location was originally identified in the LDP as it is well placed to serve the new housing sites and has good access to public transport services. The new school will be in the centre of its proposed catchment area, which extends wider than the 'Broomhills' development area. Pedestrian and cycle connections to the wider area will be provided. It is likely that a noise impact assessment and air quality impact assessment will be required as part of a detailed planning application for the new school.
2	Issue	<ul style="list-style-type: none"> The school should be built with the future in mind and not just to meet requirements of today.
	Response	<ul style="list-style-type: none"> The new school will initially be built with 14 classrooms, but it will be designed in a way that it could be expanded if this was required. The new school will provide a modern state of the art learning environment which will promote creative and engaging teaching approaches and offer facilities that will encourage health and wellbeing, participation in sport and outdoor learning.
3	Issue	<ul style="list-style-type: none"> Electric car charging points should be provided.
	Response	<ul style="list-style-type: none"> This comment has been noted and will be considered as part of the submission of a detailed planning application for the new school.

4	Issue	<ul style="list-style-type: none"> The new school should be built before the new housing is delivered otherwise the existing schools would face accommodation pressures.
	Response	<ul style="list-style-type: none"> The estimated opening date for the new school is August 2020 which is before the new housing is expected to be complete. This is the earliest possible delivery date.
5	Issue	<ul style="list-style-type: none"> It seems that primary schools in the area are at saturation point and that teaching/quality is being seriously affected. I welcome this proposal and the efforts that the local authority are going to, to address this issue, particularly in light of many new housing developments and the further pressure that this will put on local primary schools in this area.
	Response	<ul style="list-style-type: none"> The proposal is being progressed to address school capacity and accommodation pressures in south east Edinburgh.
6	Issue	<ul style="list-style-type: none"> A map has not been provided and therefore it is not clear where the proposed site is. It would be useful to be clear about the design and the building and where it is going to be situated.
	Response	<ul style="list-style-type: none"> The proposed site layout and indicative site plan was included in Appendix 3 of the full statutory consultation paper. The summary paper also included a map that indicated the proposed location of the new school. The school design will be subject to a detailed planning process.

Access and Travel Routes

7	Issue	<ul style="list-style-type: none"> The traffic along Burdiehouse Road and Frogston Road East is heavily congested, this proposal and the other new developments will add to further congestion.
		<ul style="list-style-type: none"> The upgrade of Kaimes crossroads should be carried out following consultation with the whole community.
	Response	<ul style="list-style-type: none"> The Council's Action Programme identifies the transport infrastructure actions, including junction reconfigurations and upgrades, that are required to mitigate the impact of new development in south east Edinburgh. This has been subject to public consultation as part of the preparation of the Council's Local Development Plan. A transport assessment for the wider 'Broomhills' development site was submitted to support the planning application and found to be acceptable. The proposal includes a new junction and access to the site from Burdiehouse Road.
8	Issue	<ul style="list-style-type: none"> There will always be children who are driven to school and on the current plans there is no provision for a drop off zone either on Frogston Road East or at the school itself.
		<ul style="list-style-type: none"> There is concern about the limited drop off points and traffic management. It is simply not practical for all parents to walk children to school.
	Response	<ul style="list-style-type: none"> Council policy is to promote sustainable forms of travel which means that the creation of drop-off areas specifically for parents is not something which would be considered as part of a new educational facility. The travel distance for catchment pupils to the new primary school will generally be less than under current arrangements. This may reduce the number of people who will drop off pupils in cars.
9	Issue	<ul style="list-style-type: none"> The new school should be easily accessible by active travel.
	Response	<ul style="list-style-type: none"> Access to the school was considered as part of the planning application for the wider 'Broomhills' housing site and deemed to be acceptable by Planning. Prior to the submission of a planning application for the new primary school, a review of traffic and pedestrian issues will be undertaken. The new school will have a Travel Plan to encourage pupils to walk to school by identifying ways that routes could be made safer and promoting initiatives such as 'walking buses'.

10	Issue	<ul style="list-style-type: none"> • A new crossing would be required at Janefield to allow safe crossing from the Southhouse side.
	Issue	<ul style="list-style-type: none"> • There is concern about the safe route to school proposals. Burdiehouse Road is a dual carriage way 40mph and not deemed safe to cross at. Could a solution, such as a bridge going over the dual carriage way be looked into rather than having the children cross at the proposed additional pedestrian crossing?
	Issue	<ul style="list-style-type: none"> • An upgrade to the junction at Southhouse Broadway onto Burdiehouse Road may need to be considered.
	Response	<ul style="list-style-type: none"> • A 'Safer Route to School' is a route that is on a good surface, lit and the means of crossing main roads are by traffic controlled crossings. Appendix 7 of the full statutory consultation paper sets out some which are currently in place for areas affected. The continued provision of appropriate 'Safe Routes to School' will be regularly assessed. • Prior to the submission of a planning application for the new primary school, a review of traffic and pedestrian issues will be undertaken. This will identify any actions, including the provision or relocation of crossing points, which may be required. • As part of the wider 'Broomhills' development, it is proposed that a new street level pedestrian crossing will be installed across Burdiehouse Road to the south of Janefield. This can be used by pupils coming from the eastern side of Burdiehouse Road. • There are no current proposals to upgrade the Southhouse Broadway junction which leads onto Burdiehouse Road.
11	Issue	<ul style="list-style-type: none"> • Burdiehouse Road and Lasswade Road have a speed restriction of 40 Mph. Could this be reduced to 20/30 mph (especially at school times)?
	Response	<ul style="list-style-type: none"> • The Council's Planning service has indicated that the 30mph restriction along Burdiehouse Road is likely to be extended to the south of the proposed new pedestrian crossing once the new junction which will serve the 'Broomhills' development site has been put in place. • There are no current proposals to alter the speed limit on Lasswade Road, although street and junction improvements to support new housing are proposed in the Council's Local Development Plan.
12	Issue	<ul style="list-style-type: none"> • A lollipop person is required at crossing points, or school staff should be proactively involved in ensuring safe crossings.
	Response	<ul style="list-style-type: none"> • The requirement for crossing patrols is assessed by the Council's Road Safety Team. Communities and Families will request that assessments are carried out for any new routes required as a result of the Council's final decision in relation to this statutory consultation.

Catchment Areas, Pupil Transition and Placement Guarantees

13	Issue	<ul style="list-style-type: none"> If there is a delay in opening the new school, it would not open until August 2021 which would impact on the P1 intake at the existing schools. There would be a bit of unrest for the parents of the 2020 P1 intake. Would children have to spend P1 in one school and then change?
	Response	<ul style="list-style-type: none"> There will be no mandatory transfer of pupils already attending a school once the new school is operational. If the new school was not operational until August 2021 the existing catchment arrangements would apply for August 2020. The Council will keep the affected schools and local community informed of any changes to the expected delivery date of the new primary school.
14	Issue	<ul style="list-style-type: none"> Will the new school proposals affect the policy for applying to an out of catchment school?
	Response	<ul style="list-style-type: none"> The Council's policy for pupils who wish to apply for a school place which is outside of their catchment area will not be affected by the proposal.
15	Issue	<ul style="list-style-type: none"> There is no proposal to ensure that siblings get a place in the same school as their older brother/sister when the catchments are reviewed. Can there be a sibling guarantee?
		<ul style="list-style-type: none"> Is it possible that parents will have children that will have to attend different schools after the implementation of the new catchment areas?
	Response	<ul style="list-style-type: none"> It is recommended that no 'sibling guarantees' are offered. As the catchment changes will not be implemented until November 2019 (at the earliest) and the full impact will not be known for seven years after, it is not certain that there would be sufficient capacity in the existing primary schools to accommodate an increased P1 intake as a result of a 'sibling guarantee'. A 'sibling guarantee' is therefore not recommended. In the absence of a 'sibling guarantee', it is possible that parents will have a child that will have to attend a different school to an older sibling. However, the Council's Placing in School Procedures prioritise siblings of older children at a school if an out of catchment place request is made to that school. The areas which are proposed to move to a different primary school catchment area are close to their existing catchment school. Children from these areas will be placed above those living further away in the order of priority. If a placing request is refused a parent has the right to appeal in the first instance to an independent committee and if that is unsuccessful to the Sheriff Court.

16	Issue	<ul style="list-style-type: none"> • There is concern that primary school children, who will no longer be in the catchment area of Liberton HS, will not be able to attend the same secondary school as their friends.
	Response	<ul style="list-style-type: none"> • A guarantee that all primary school pupils who attended Gilmerton PS and were in the dual secondary catchment area at the time of the proposed catchment changes would be able to take up a place at Liberton High School would have to last for seven years (if it was to include those going into P1 prior to the catchment changes). This would result in significant delay in realising the educational benefits of not operating a dual secondary catchment area (see response to Issue 18). • In September 2016, only 3 pupils within the dual secondary school catchment area had chosen to attend Liberton HS compared with 70 who had chosen to attend Gracemount HS. Therefore the change is not expected to negatively affect a large number of pupils. • Any pupils that would have chosen to attend Liberton HS but will no longer live within the catchment area will be entitled to make an out of catchment placement request. In the 2016/2017 school year, there were 91 out of catchment pupils in total across all year groups attending Liberton High School. • With regards to placing requests, the Council's Placing in School Procedures states that children living closer to the school in each category are placed above those living further away. It is likely that pupils directly affected by the removal of the dual secondary catchment area would have high priority as they will be closer to the school than others (a significant number of current out of catchment pupils at Liberton HS are from properties within the catchment areas of neighbouring schools or out with the Council boundary). • If a placing request is refused a parent has the right to appeal in the first instance to an independent committee and if that is unsuccessful to the Sheriff Court.
17	Issue	<ul style="list-style-type: none"> • The new houses at the former Alnwickhill Water Treatment Works site should be included in the new school's catchment. There are a lot of families living there which would make the new school more appealing if they were to be included.
	Response	<ul style="list-style-type: none"> • Each of the proposed catchment areas includes a mix of house types. However, the principal driver of the proposed catchment boundaries is to ensure that the catchment populations for each of the schools affected are appropriate to their proposed capacities. • If the Alnwickhill Water Treatment Works site was included in the catchment area of the new primary school, it would have to have more than 14 classes which would make it a less efficient organisation.

18	Issue	<ul style="list-style-type: none"> • Properties will be in the catchment area of Liberton High School despite Gracemount High School being much closer.
	Response	<ul style="list-style-type: none"> • The catchment area of Liberton High School covers a large part of south east Edinburgh. There are many properties which are closer to Gracemount High School but solely within the Liberton High catchment area. The proposed catchment changes do not affect these properties. • There are five existing properties which are currently in the dual secondary school catchment area for Gracemount High School and Liberton High School which will be solely in the catchment area for Liberton High School once the changes have been implemented. Although this school is further away, the distance is not deemed to be unreasonable and there is a frequent bus service along Lasswade Road. • There are benefits to not continuing with the dual catchment arrangements in the area as the management of transition arrangements can be more complex and it is more difficult to predict intake numbers. Education Scotland has commented that <i>'the proposed changes to the catchment areas of Gracemount and Liberton High Schools will mean that there will no longer be a requirement to operate a dual secondary school catchment allowing more contextualised curriculum and pastoral support planning at transition'</i>.

Gracemount Primary School Issues

	Issue	<ul style="list-style-type: none"> There will be accommodation pressures at the existing primary schools prior to the new school opening which will have to be addressed. This will put pressure on specialist classroom space e.g. ICT suite, the gym and dining hall, and the playground. 																				
		<ul style="list-style-type: none"> Will more composite classes be required and what measures will be put in place to ensure attainment and behaviour is not negatively impacted? 																				
19	Response	<ul style="list-style-type: none"> Increased requirement for learning support and Pupil Support Assistants. 																				
		<ul style="list-style-type: none"> The school roll projection below is for Gracemount Primary School, showing the anticipated impact of the proposed catchment area changes if they took affect for the August 2020 P1 intake: <table border="1" data-bbox="715 763 1104 1236"> <thead> <tr> <th></th> <th>School Roll</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>496</td> </tr> <tr> <td>2018</td> <td>507</td> </tr> <tr> <td>2019</td> <td>527</td> </tr> <tr> <td>2020</td> <td>497</td> </tr> <tr> <td>2021</td> <td>486</td> </tr> <tr> <td>2022</td> <td>485</td> </tr> <tr> <td>2023</td> <td>479</td> </tr> <tr> <td>2024</td> <td>460</td> </tr> <tr> <td>2025</td> <td>445</td> </tr> <tr> <td>2026</td> <td>431</td> </tr> </tbody> </table> <ul style="list-style-type: none"> The proposal will reduce accommodation pressures at Gracemount PS, although the school roll is expected to increase in the short term prior to the new school opening. This would temporarily increase pressure on the school facilities, although the number of classrooms which could be provided within the existing school is likely to be sufficient to accommodate such rolls. The gym and dining hall are considered to be sufficient to accommodate the projected rolls. Issue 20 covers the sufficiency of outdoor space at the school. Normal procedures for determining if composite classes are required will apply. It is not known at this stage whether more will be required. The Quality Improvement Officer for the schools affected by the statutory consultation will continue to monitor and evaluate attainment and achievement, ensuring any necessary actions are included in school Improvement Plans on an ongoing basis. The provision of learning support and Pupil Support Assistants will be appropriate to the school roll. 		School Roll	2017	496	2018	507	2019	527	2020	497	2021	486	2022	485	2023	479	2024	460	2025	445
	School Roll																					
2017	496																					
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2022	485																					
2023	479																					
2024	460																					
2025	445																					
2026	431																					

20	Issue	<ul style="list-style-type: none"> The Council should look to increase the size of the school playground, particularly when considering the closure of the pitches at the leisure centre. The area of “no man’s land” at the edge of the school grounds could be used to expand the playground.
	Issue	<ul style="list-style-type: none"> Edinburgh Leisure has withdrawn maintenance of the Gracemount Leisure Centre pitches which have been used by the school during breaks and at lunch to ease congestion in the playground.
	Response	<ul style="list-style-type: none"> The Council is currently liaising with Edinburgh Leisure with the intention of securing additional outdoor space for Gracemount Primary School.
21	Issue	<ul style="list-style-type: none"> The Mansion House and the stables at the top of the drive should form part of the wider consideration.
	Response	<ul style="list-style-type: none"> Gracemount Primary School has sufficient space within its existing buildings for its current and projected school roll without the need for these properties.
22	Issue	<ul style="list-style-type: none"> Significant additional resources, as well as consultation with parents, are needed to improve the facilities at Gracemount Primary School and address parental concerns around the lack of investment following the closure of Burdiehouse Primary School.
		<ul style="list-style-type: none"> Security should be improved (e.g. doors) to help with the management of pupils in the school day. Lights and security cameras around the school and the nursery should be improved to allow for the safe operation of school lets. School flooring should be updated and drainage and flooding issues should be resolved.
	Response	<ul style="list-style-type: none"> The Council has met with the Gracemount Primary School Parent Council to discuss the parental concerns. The issues have been raised with Facilities Management. There is currently no further funding available beyond what has already been spent on the school (for example to create new teaching and break out spaces and provide new blinds) or the Health and Safety/Wind and Watertight budgets held by Facilities Management.
23	Issue	<ul style="list-style-type: none"> There are concerns that anyone could purchase the former janitor’s house in the grounds of Gracemount PS, which could have implications for the health and safety of pupils. If the Council purchased the house this could be part of the solution for additional accommodation at the school.
	Response	<ul style="list-style-type: none"> The Council cannot interfere in the private sale of the property and there is no current need for additional accommodation at the school. The Council is liaising with the current occupants of the property with the intention of erecting a fence to separate the house from the school.

24	Issue	<ul style="list-style-type: none"> Once the new school is open, the number of pupils at Gracemount will decrease. Will the Council provide additional funds to re-model classrooms that are no longer required back to specialist spaces?
	Response	<ul style="list-style-type: none"> If required to address sufficiency issues at the school, the Council will provide funding to convert spaces into classrooms. However, there is no Council funding available to provide specialist spaces which are over and above what is necessary (the number of general purpose spaces that should be provided within a school are set out within Scottish Government guidance).

Gilmerton Primary School Issues

25	Issue	<ul style="list-style-type: none"> Until the completion of the Gilmerton Station Road housing development, it seems likely that there will be a reduction in the intake at Gilmerton PS when the new school is operational. What impact will this have on the staff team and budget in August 2020? 																					
	Response	<ul style="list-style-type: none"> The school roll projection below is for Gilmerton Primary School, showing the impact of the proposed catchment area changes if they took affect for the August 2020 P1 intake: <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;">School Roll</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2017</td> <td style="text-align: center;">457</td> </tr> <tr> <td style="text-align: center;">2018</td> <td style="text-align: center;">508</td> </tr> <tr> <td style="text-align: center;">2019</td> <td style="text-align: center;">562</td> </tr> <tr> <td style="text-align: center;">2020</td> <td style="text-align: center;">574</td> </tr> <tr> <td style="text-align: center;">2021</td> <td style="text-align: center;">593</td> </tr> <tr> <td style="text-align: center;">2022</td> <td style="text-align: center;">629</td> </tr> <tr> <td style="text-align: center;">2023</td> <td style="text-align: center;">666</td> </tr> <tr> <td style="text-align: center;">2024</td> <td style="text-align: center;">666</td> </tr> <tr> <td style="text-align: center;">2025</td> <td style="text-align: center;">651</td> </tr> <tr> <td style="text-align: center;">2026</td> <td style="text-align: center;">632</td> </tr> </tbody> </table> As the proposed catchment changes will only apply to new P1 pupils and there will be no mandatory transfer for pupils already attending another school, the overall school roll is not expected to drop - it will take seven years for the full impact of a reduced catchment area to take effect by which time it is highly likely that proposed new housing will have started to generate additional pupils. 		School Roll	2017	457	2018	508	2019	562	2020	574	2021	593	2022	629	2023	666	2024	666	2025	651	2026
	School Roll																						
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2026	632																						
26	Issue	<ul style="list-style-type: none"> Once families start to inhabit the new homes at Gilmerton Station Road it has been projected that Gilmerton PS's roll will dramatically increase, meaning the school would require another extension. Would this new extension mean the school would have to function across 5 (6 if you include Spinney Lane nursery) separate buildings or is there scope to attach it to the existing extension? 																					
	Response	<ul style="list-style-type: none"> The statutory consultation paper identifies that Gilmerton PS will not be able to accommodate the number of additional pupils expected to be generated by new housing development within its proposed catchment area and additional capacity is expected to be required. The additional capacity could be delivered by a second new primary school within the Gilmerton Station Road housing site or through further catchment change or expansion of the existing school. Informal consultation with the school and local community will be carried out prior to bringing forward proposals. 																					

Other issues

27	Issue	<ul style="list-style-type: none"> Additional funding should be sought to upgrade Liberton High School.
	Response	<ul style="list-style-type: none"> A feasibility study considering the delivery of additional capacity at Liberton High School is currently being progressed through the Wave 4 investment programme.
28	Issue	<ul style="list-style-type: none"> This is an opportunity to review the secondary catchment arrangements in the wider south east Edinburgh area. Children from Prestonfield PS scatter to secondary schools across Edinburgh. It is unclear where children are going rather than Liberton High School.
	Response	<ul style="list-style-type: none"> A strategic review of the Council's Lifelong Learning Estate will be undertaken. The outputs of this review will include a list of school statutory consultations required for any new policy or catchment proposals thought necessary to support the creation of a more effective and efficient schools and lifelong learning estate.
29	Issue	<ul style="list-style-type: none"> There is no provision for additional GP (family doctor) space to accommodate the new housing.
	Response	<ul style="list-style-type: none"> NHS Lothian, in partnership with the Council, has appraised the cumulative impact of new housing development on healthcare infrastructure. Actions to mitigate this impact are set out in the Council's Action Programme. During the design process for the new primary school, consideration will be given to the services which may be beneficial to collocate with the school. This may include provision of GP accommodation. Discussions with the NHS will be progressed at the appropriate time to identify any opportunities.
30	Issue	<ul style="list-style-type: none"> There will be an increased demand for nursery provision.
	Response	<ul style="list-style-type: none"> The Council is currently 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 will be required. A nursery is proposed to be delivered as part of the new primary school.

Appendix 5 – Education Scotland Report

Report by Education Scotland addressing educational aspects of the proposal by The City of Edinburgh Council to establish a new non-denominational primary school and implement catchment changes to address school capacity and accommodation pressures in South East Edinburgh.

1. Introduction

1.1 This report from Education Scotland has been prepared by HM Inspectors in accordance with the terms of the *Schools (Consultation) (Scotland) Act 2010* and the amendments contained in the *Children and Young People (Scotland) Act 2014*. The purpose of the report is to provide an independent and impartial consideration of The City of Edinburgh Council's proposal to establish a new non-denominational primary school and implement catchment changes to address school capacity and accommodation pressures in South East Edinburgh. Section 2 of the report sets out brief details of the consultation process. Section 3 of the report sets out HM Inspectors' consideration of the educational aspects of the proposal, including significant views expressed by consultees. Section 4 summarises HM Inspectors' overall view of the proposal. Upon receipt of this report, the Act requires the council to consider it and then prepare its final consultation report. The council's final consultation report should include a copy of this report and must contain an explanation of how, in finalising the proposal, it has reviewed the initial proposal, including a summary of points raised during the consultation process and the council's response to them. The council has to publish its final consultation report three weeks before it takes its final decision. Where a council is proposing to close a school, it needs to follow all legislative obligations set out in the 2010 Act, including notifying Ministers within six working days of making its final decision and explaining to consultees the opportunity they have to make representations to Ministers.

1.2 HM Inspectors considered:

- the likely impact of the proposal for children and young people of the effected primary and secondary schools; any other users; children likely to become pupils within two years of the date of publication of the proposal paper; and other children and young people in the council area;
- any other likely effects of the proposal;
- how the council intends to minimise or avoid any adverse effects that may arise from the proposal; and
- the educational benefits the council believes will result from implementation of the proposal, and the council's reasons for coming to these beliefs.

1.3 In preparing this report, HM Inspectors undertook the following activities:

- attendance at the public meeting held on 9 February 2017 in connection with the council's proposals;

- consideration of all relevant documentation provided by the council in relation to the proposal, specifically the educational benefits statement and related consultation documents, written and oral submissions from parents and others; and
- visits to the site of the new school, as well as to other named schools in the consultation including, Gracemount, Gilmerton and Liberton Primary Schools, and Gracemount and Liberton High Schools. Discussions were also held with relevant consultees.

2. Consultation Process

2.1 The City of Edinburgh Council undertook the consultation on its proposal with reference to the *Schools (Consultation) (Scotland) Act 2010* and the amendments in the *Children and Young People (Scotland) Act 2014*.

2.2 The consultation process ran from 16 January to 3 March 2017. During this period the council held public meetings at Gracemount and Gilmerton Primary Schools which were attended by 35 and 17 stakeholders respectively, including members of the public and statutory consultees. Consultation documentation was published on The City of Edinburgh Council website and copies were available for public consultation at several venues during the consultation period, including the schools concerned. A proforma questionnaire and an email address were made available for responses. The council received 20 responses overall, with 13 responses in support of the proposal. Nearly all stakeholders who met with HM Inspectors felt that the council had provided good opportunities for being consulted and for giving their views. The council put in place helpful child-friendly procedures to engage children from Gracemount and Gilmerton Primary Schools directly in the consultation process.

3. Educational Aspects of Proposal

3.1 The proposal involves:

- the establishment of a new non-denominational primary school and nursery within the 'Broomhills' housing development site, incorporating parts of the existing catchment areas for Gracemount and Gilmerton Primary Schools within the catchment for the new school;
- the realignment of catchment boundaries so that The Murrays estate and parts of Gilmerton Dykes and Lasswade Road are within the catchment area of Gracemount Primary School rather than that of Gilmerton Primary School;
- the realignment of catchment boundaries so that the northern part of the Alnwickhill Water Treatment Works development site is within the catchment area of Gracemount Primary School rather than that of Liberton Primary School;
- the alignment of the new non-denominational primary school to Gracemount High School;
- a reduction in the catchment area of Liberton High School (which includes the current dual catchment area) so that it no longer covers Burdiehouse, The

Murrays or the parts of Gilmerton Dykes and Lasswade Road which will be within the catchment area of Gracemount Primary School;

- a reduction in the catchment area of Gracemount High School (which includes the current dual catchment area) so that it no longer covers the area on the west side of Lasswade Road which will remain within the Gilmerton Primary School catchment area; and
- the realignment of the catchment boundary so that the northern part of the Alnwickhill Water Treatment Works development site is within the catchment area of Gracemount High School rather than that of Liberton High School.

3.2 The proposal, in principle, offers clear educational benefits to children in each of the three schools. The planned new 'Broomhills' primary school will accommodate the projected school roll arising from the above proposal. When completed, it will provide children with a purpose-built learning environment well-suited to their learning needs and accessible to all. The new learning environment has been designed to promote health and wellbeing and encourage outdoor learning. At the same time, the proposal will reduce the potential overcrowding at both Gracemount and Gilmerton Primary Schools as a result of the new housing development. The proposed changes to the catchment areas of Gracemount and Liberton High Schools will mean that there will no longer be a requirement to operate a dual secondary school catchment allowing more contextualised curriculum and pastoral support planning at transition. The associated nursery provision planned as part of the new school will support The City of Edinburgh Council to better deliver the Scottish Government's commitment to increasing the early years and childcare entitlement to 1140 hours per year by 2020.

3.3 All parents, pupils and staff who met with HM Inspectors in local community primary and secondary establishments support the building of a new school. There is a clear understanding that the rolls of both Gracemount and Gilmerton Primary Schools would outstrip capacity as a result of the significant housing developments in the area. However, given that the new housing development is at the early stages, there were a number of areas relating to the practicalities of the proposal that were unclear at this time. This includes the transition arrangements to allow Gilmerton and Gracemount Primary Schools to accommodate additional pupils from the initial phases of new housing development.

3.4 In taking forward its proposal, the council should continue to work closely with stakeholders and the headteachers of schools involved in the proposal. The council should ensure that effective and well communicated interim transition measures relating to class arrangements and use of existing classroom space are put in place. It will be particularly important to ensure that the first groups of children from the new 'Broomhills' catchment are well supported to attend established local schools while their school is being built, while ensuring there is no detriment to current pupils attending these schools. Parents, children and staff also wished to continue to be consulted about staffing, safe routes to school, and access to popular and well attended after-school and school holiday programmes. These issues should be clearly addressed. The council should ensure that all transition arrangements are well planned and clearly communicated to all stakeholders to meet the needs of all children who attend Gracemount and Gilmerton Primary Schools and the new 'Broomhills' catchment school. Going forward, future pressures in the secondary sector will need to be considered and associated feasibility work may be required to determine an appropriate way of delivering additional capacity.

4. Summary

The City of Edinburgh Council's proposal to establish a new primary and nursery school to meet growing local need in South East Edinburgh, adjusting appropriately established local school catchment areas, has clear educational benefits. The proposal has the potential to provide children who will reside in the newly formed catchment areas with modern, purpose-built accommodation designed to meet the needs of its learners. Once the new school is built, it should reduce the possibility of overcrowding at both Gracemount and Gilmerton Primary Schools. Almost all stakeholders who met with HM Inspectors support the proposal. In taking this proposal forward, the council should continue to engage with stakeholders over its planned transition arrangements for children who will attend the new school and those children who attend Gracemount and Gilmerton Primary Schools. A close watching brief is also required on the implications of the new housing developments in South East Edinburgh on associated secondary provision.

**HM Inspectors
Education Scotland
March 2017**

10.00am, Thursday, 29 June 2017

Outcome of the Consultation Process for the Proposal to Close Panmure St Ann's Special School

Item number	8.11
Report number	
Executive/routine	Executive
Wards	All

Executive Summary

This report advises on the outcome of the statutory consultation carried out for the proposal to close Panmure St Ann's Special School with effect from July 2017; responds to questions raised during the consultation process and makes recommendations on how to proceed with the proposal.

Panmure St Ann's Special School currently offers secondary school places to young people from stages S3-S6 with additional social, emotional and behavioural support needs (SEBN). The proposal to close the school reflects the continuing improvement in school ethos, the curriculum, inclusive practice and partnership working whereby almost all children and young people in Edinburgh now have their needs met in mainstream schools. This continued progress has resulted in a reduced requirement for placements in special schools for learners with SEBN with the population in the secondary special school provision falling from 112 to 55 over the past five years.

Links

Coalition Pledges

Council Priorities

Single Outcome Agreement

In the light of these changes, the Council proposed that Panmure St Ann's should close with the needs of the small number of young people who would remain on the school roll met more effectively through tailored, individual packages to enable them to complete their final stage of statutory school education within a mainstream school or, where appropriate, at Gorgie Mills Special School for secondary learners with SEBN.

In addition to the fall in the pupil population, the nature and quality of the education at Panmure St Ann's Special School has fundamental shortcomings, highlighted in the Education Scotland HMIE School Inspection Report that referred to multiple areas for improvement in both attainment and learners' experiences at the school. In addition, HM Inspectors agreed that the school roll numbers are now, due to a reduction in referrals, so low that it is no longer viable to continue as a school.

Issues identified through the consultation have either been addressed or plans are in place to do so. After taking account of the representations made and the issues arising, the Executive Director of Communities and Families considers that the case has been made for closure.

Outcome of the Consultation Process for the Proposal to Close Panmure St Ann's Special School

1. Recommendations

The Council is asked to:

- 1.1 Approve that Panmure St Ann's Special School should close in July 2017;
- 1.2 Note the statutory requirement to refer the Council's decision to Scottish Ministers;
- 1.3 Approve that the school site and buildings be declared surplus from the end of the 2016/17 school session and returned to the Council estate.

2. Background

- 2.1 Panmure St Ann's Special School was originally developed as an educational and social work service, for young people of secondary school age experiencing significant social, emotional and behavioural difficulties attending on a part-time basis whilst remaining on the register of a mainstream school. The service was formally recognised as a special school offering full-time school education from S3 to S6 in August 2013.
- 2.2 Since 2010 placement at any of Edinburgh's special schools has been managed through the Council's Case Management Review Group (CMRG) with the child's right to a mainstream education protected. Where exceptional circumstances require it, special school placements are agreed. However, there has been a very significant shift in favour of meeting the needs for children and young people over this period, that require additional social, emotional and behavioural support needs, in mainstream schools. Consequently, the number of referrals of children and young people to the CMRG for placements in primary and secondary special schools for SEBN has reduced substantially.
- 2.3 New starts at Panmure St Ann's Special School have remained very low, leading to a consistent fall in the school's roll as young people leave school. Panmure St Ann's continues to operate significantly below capacity which compromises its educational viability in terms of offering broad curriculum choice and results in exceptionally high per capita costs. In addition, its location in the Cowgate area of the city, within a building poorly suited to hosting a modern school caution, means that the school is restricted in its ability to provide the necessary learning environment to deliver the full curriculum.

3. Main report

- 3.1 In October 2016 the Council's Education, Children and Families Committee approved that a statutory consultation should be carried out regarding the proposed closure of Panmure St Ann's School. The statutory consultation period ran from 10 January to 27 February 2017. The full public consultation documentation is provided in Appendix 1.
- 3.2 During the week commencing 6 March 2017 HM Inspectors from Education Scotland carried out visits to Panmure St Ann's and Gorgie Mills Schools (as an affected school of the proposed closure) in preparation for their report on the educational aspects of the proposal to close Panmure St Ann's. The full report from Education Scotland and the Council's response to Education Scotland's report is provided in Appendix 2.
- 3.3 One public consultation meeting was held on 6 February 2017 at Waverley Court attended by 20 people. The meeting was independently chaired and a record of the meeting together with a note of attendee categories is provided in Appendix 3.
- 3.4 Extensive public consultation was carried out; a summary of consultation activities and responses, including the Council's online consultation survey is provided in Appendix 4. Consultation was also undertaken with young people, parents/carers and staff at Panmure St Ann's School and with young people at staff at Gorgie Mills School.
- 3.5 Opportunities were provided on an individual basis and collectively to discuss and express their views on the potential impacts would be on them and their schools. A full list of consultation methodology and results of the public consultation are included in Appendix 4.

Involvement of Education Scotland

- 3.6 In addition to the fall in the pupil population, the nature and quality of the education at Panmure St Ann's Special School has fundamental shortcomings, highlighted in the Education Scotland HMIE School Inspection Report, referred to multiple areas for improvement in both attainment and learners' experiences. These challenges have become more acute following the decline of the school roll. With such a small pupil population both the ability to deliver breadth of curriculum subjects and the viability of the learning community is compromised.
- 3.7 The Education Scotland report concluded that the Council's proposal to close Panmure School provides an opportunity to improve the educational outcomes for young people with particular social, emotional and behavioural needs in particular through gaining access to better facilities and opportunities for a more coherent senior phase through mainstream schools and their associated college and employer partnerships.
- 3.8 The report also agreed that through utilising council-wide services, the Council has the potential to devise effective, alternative individualised placements for young

people who would likely have become pupils of Panmure St Ann's Special School in the future.

- 3.9 HM Inspectors agree that pupil numbers are now, due to a reduction in referrals, so low that it is no longer viable as a school.

Response to Education Scotland

- 3.10 The issues raised by Education Scotland and the Council's response to them are set out in Appendix 2 which confirms that the issues identified have been addressed or that all required arrangements and plans are in place to ensure that any actions necessary to mitigate these issues are being taken.

Key Themes and issues and Council Responses

- 3.11 A number of points were recurrent in the public meeting; the consultation undertaken with pupils, parents and staff and in the responses to the public survey received during the consultation period. The main themes and issues together with the Council's response are summarised in Appendix 5.

Conclusions

The following conclusions have been drawn:

- 3.12 In light of the evidence considered in the consultation process Panmure St Ann's Special School no longer fulfils a meaningful role in meeting the needs of children and young people in Edinburgh. The arrangements for supporting learners in alternative provision are more effective and progressive, offering a sustainable basis for continued improvement in outcomes.
- 3.13 In all of the above circumstances the case for the closure of Panmure St Ann's is well founded.

Next Steps and Timescales

- 3.14 Appendix 6 provides a summary of the remaining key elements of the statutory consultation process and proposed closure timescale.

4. Measures of success

- 4.1 In the event that Council approves the recommendation to close Panmure St Ann's School with effect from July 2017 the key measures of success are:
- 4.1.1 The transition and integration process for any remaining pupils from Panmure St Ann's School to their new mainstream school or to Gorgie Mills School being as smooth as possible;
 - 4.1.2 Educational outcomes for young people with particular social, emotional and behavioural needs are improved specifically through gaining access to better facilities and opportunities for a more coherent senior phase through mainstream schools and Gorgie Mills School and their associated college and employer partnerships;

4.1.3 Effective, alternative individualised placements for young people attending an appropriate mainstream school or Gorgie Mills School are firmly in place for those young people who would likely have become pupils of Panmure St Ann's Special School in the future.

5. Financial impact

- 5.1 The annual cost of services at Panmure St Ann's School is £1.1m to support a capacity of 54 pupils.
- 5.2 In the 2016/17 budget process, the Council approved savings of £900K based on the proposed closure. This consists of £225K in 2016/17 with a further £675K in 2017/18. Total savings are £1.1m per year with £900K in approved savings and re-investment of £200K in additional support.
- 5.3 Should the consultation conclude that Panmure St Ann's should not close, approved savings of £900K will not be achievable and alternative savings will have to be identified.
- 5.4 The table 1 below sets out the forecast financial position for 2016/17, 2017/18 and 2018/19 on the assumption Panmure St Ann's closes in June 2017.

Table 1:

	2016/17 £m	2017/18 £m	2018/19 £m
Budget at full capacity of 54 pupils	1.100	1.100	1.100
Approved savings (cumulative)	0.225	0.900	0.900
Residual budget	0.875	0.200	0.200
Cost to deliver services of reduced roll	0.705	0.145	0.000
Balance available for re-investment	0.170	0.055	0.200

- 5.5 The above costs do not include the impact of empty property rates or any costs associated with security or on-going maintenance at the site. Work is ongoing with the estates section on the future use of the premises and any costs will be identified at that stage.
- 5.6 In addition to the above figures, £38K of property costs and £34K of business support costs would also be saved, contributing to approved savings in these service areas.
- 5.7 At full capacity (54 young people) this equates to education costs per school place of £20,370 a year. The average cost of a mainstream secondary school place is £4,221 a year.

- 5.8 Table 2 below sets out the cost of maintaining provision at Panmure St Ann's for a roll of six learners is £35,827 per learner.

Table 2:

Roll	Teaching Staff	Non Teaching Staff	Transport	Supplies and Services	3rd Party Costs	Total Budget	Cost per place
54	533,456	508,059	12,500	36,986	9,665	1,100,666	20,370
6	138,152	59,195	2,250	13,437	1,928	214,962	35,827

- 5.9 The reinvestment of £200K per annum from savings associated with the proposed closure would support individualised packages for pupils who need them in order to be educated in a mainstream school.
- 5.10 The Council will seek to re-deploy all affected staff at Panmure St Ann's School, however, should there be any early release costs these will be met through funding made available for the Council's transformation programme.

6. Risk, policy, compliance and governance impact

- 6.1 Key risks to the Council should the recommendations within this report be rejected include:
- 6.1.1 Should the consultation conclude that Panmure St Ann's should not close, approved savings of £900K will not be achievable and alternative savings will have to be identified.
- 6.1.2 The reinvestment of £200K per annum from savings associated with the proposed closure to support individualised packages for pupils who need them in order to be educated in a mainstream school would not be realised.

7. Equalities impact

- 7.1 A full equalities impact assessment has been carried out. There are considered to be no infringements of the rights of the young people in relation to the proposal to close Panmure St Ann's Special School.
- 7.2 The remaining pupils at Panmure St Ann's for the school session 2017/18 are of both sexes and would complete their schooling in December 2017 in an appropriate mainstream secondary school or at Gorgie Mills Special School. The impact on equalities will be positive as both this small group of pupils and those young people who would likely have become pupils of Panmure St Ann's Special School in the future will benefit from enhanced support alternatives available to both sexes with their needs met locally within Edinburgh.

8. Sustainability impact

- 8.1 There are positive impacts on the environment arising from this proposal. Most young people travel some distance to attend Panmure St Ann's School and its city centre location which can result in delays in starting the school day and prolonged journeys at the end of the day. Learners also experience additional disruption during the school day with the need travel across Edinburgh to access facilities and activities due to the lack of onsite provision within the Cowgate area of the city.
- 8.2 The proposal, if agreed, would be highly likely to reduce travel time for almost all young people leading to a more coherent educational experience provided for by more local provision.
- 8.3 The reduction of significant daily transport demands to the school and the subsequent reduction in fuel consumption would have a beneficial environmental impact.
- 8.4 The Panmure St Ann's building and site will no longer require maintenance and heating.

9. Consultation and engagement

- 9.1 The Council is required to carry out formal statutory consultation procedures with regard to the closure of school as prescribed in the Schools (Consultation) (Scotland) Act 2010. The consultation has been undertaken and this report sets out the Council's response.
- 9.2 The Council is further required to advertise and publish this report three weeks before its consideration on 25 May 2017 to allow those who made a response an opportunity to consider the report and its conclusion and give them time, if they so wish, to express their views.
- 9.3 The outcome to the consultation will be published on the Council website on the Consultation Hub and reference copies of it will be made available at Panmure St Ann's School and Gorgie Mills School; the Central Library and at Waverley Court Reception.

10. Background reading/external references

- 10.1 Improving Support for Children and Young People in Need in Edinburgh - Consultation on a Proposal to Close Panmure St Ann's Special School (11 October 2016)
- 10.2 Additional Support Needs and Special Schools Update 2016-17 (7 March 2017)
- 10.3 Panmure St Ann's Special school HM Inspection report February 2017.

Alistair Gaw

Executive Director of Communities and Families

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11. Links

Coalition Pledges

Council Priorities

Single Outcome Agreement

Appendices

- 1 Public consultation documentation
- 2 Education Scotland HMIE report and Council's response
- 3 Public consultation meeting recorded minutes
- 4 Public consultation and responses
- 5 Key themes and issues and Council response
- 6 Remaining statutory consultation process summary



Public Consultation on the proposed closure of Panmure St Ann's Special School

Summary Paper

The City of Edinburgh Council is consulting on a proposal to close Panmure St Ann's Special School (subject to the Scottish Government's statutory school closure process) at the end of June 2017.

Panmure St Ann's currently has a school roll of 6 learners, all in S4. The school offers secondary school places to young people experiencing significant social, emotional and behavioural difficulties from stages S3-S6.

This paper provides a summary of the proposal. A more detailed consultation paper is available at www.edinburgh.gov.uk/panmureconsultation; by telephoning 0131 469 6123 or emailing Panmurestanns.consultation@edinburgh.gov.uk.

Why is the Council considering the closure of Panmure St Ann's Special School?

It is a priority for the Council to provide high quality care and learning for children and young people and wherever possible to make effective provision within their own communities and schools within the City of Edinburgh.

Panmure St Ann's Special School was originally developed as an educational and social work service, for young people of secondary school age experiencing significant social, emotional and behavioural difficulties and attending on a part-time basis whilst remaining on the register of their host mainstream school. However, following a review Panmure St Ann's was formally recognised as a special school offering full-time school education from S3 to S6 in August 2013.

The proposal to close Panmure St Ann's Special School reflects the continuing improvement in school ethos, the curriculum, inclusive practice and partnership working whereby almost all learners in Edinburgh now have their needs met in mainstream schools. This has resulted in a reduced requirement for placements in special schools particularly for learners with additional social, emotional and behaviour support needs (SEBN). The population in the secondary special school provision for SEBN has fallen from 112 to 55 over the past five years.

In the light of these changes, the Council now proposes that Panmure St Ann's should close and the needs of the small number of 6 young people who would remain on the school roll as of January 2017 can be met more effectively through tailored,

individual packages within a mainstream school or, where appropriate, at Gorgie Mills Special School for secondary learners with social, emotional and behaviour support needs.

Panmure St Ann’s Special School – Case for closure

Placement at any of Edinburgh’s special schools is managed through the Council’s Case Management Review Group (CMRG) with the child’s right to a mainstream education protected and, where exceptional circumstances require it, special school placements are agreed.

Since this approach was introduced in 2010, there has been a very significant shift in favour of meeting the needs, and organising extensive and appropriate provision, for children and young people who require additional social, emotional and behavioural support needs in mainstream schools. Consequently, the number of referrals of children and young people to the CMRG for placements in primary and secondary special schools for SEBN have reduced substantially and this is reflected in the school rolls in Table 2.

Table 2: Special School Placements for social, emotional and behavioural support needs, 2013-17

Special School/Year	2013/14	2014/15	2015/16	2016/17	Jan 2017
<i>Primary</i> - Rowanfield	33	31	28	23	32
<i>Secondary</i>					
Gorgie Mills	55	53	53	46	51
Panmure St Ann’s	57	43	26	14	4
Secondary Total	112	96	79	60	55
Total	145	127	107	83	87

New starts at Panmure St Ann’s Special School have remained very low, leading to a consistent fall in the school’s roll as learner’s leave school.

Following reductions in the school roll at Rowanfield (primary) Special School the number of referrals for special school placements at P7-S1 for learners with additional social, emotional and behaviour support needs is now only 2-4 placements per year. Gorgie Mills Special School will continue to provide secondary special school placements for learners with social, emotional and behaviour support needs similar to Panmure St Ann’s. Gorgie Mills has a capacity of 72 places and by January 2017 it

will have around 51 learners on its roll and therefore has capacity for more learners should further placements be required.

Panmure St Ann's continues to operate significantly below capacity, which compromises its educational viability in terms of offering broad curriculum choice and results in exceptionally high per capita costs. Panmure St Ann's School is located in the Cowgate area of the city in a 19th century listed building that has proved poorly suited to hosting a modern school education, with no supervised outside space within the perimeter of the school. As a consequence the school is restricted in its ability to provide the necessary learning environment to deliver the full curriculum.

In light of this changing pattern of need the authority has concluded that despite the commitment of the staff, by the end of the 2016/17 school session, Panmure St Ann's Special School will no longer be viable as a school by August 2017 as there would be only 2 leavers by then on the school roll who would be December 2017 leavers.

Education Scotland HMIE School Inspection Report (April 2016)

In addition to the fall in the pupil population, the nature and quality of the education at Panmure St Ann's Special School has fundamental shortcomings, highlighted in the Education Scotland HMIE School Inspection Report¹ that referred to multiple areas for improvement in both attainment and learners' experiences at Panmure St Ann's Special School.

These challenges have become more acute following the decline of the school roll. With such a small pupil population both the ability to deliver breadth of curriculum subjects and the viability of the learning community is compromised.

Further details on Education Scotland's school inspection report and evidence that mainstream provision is likely to achieve better outcomes for learners are provided in the Section 4 Education Benefits Statement in the main public consultation document.

Travel and Transport

Most learners travel some distance to attend Panmure St Ann's School and its city centre location that can result in delays in starting the school day and prolonged journeys at the end of the day. Learners also experience additional disruption during the school day with the need travel across Edinburgh to access facilities and activities due to the lack of onsite provision within the Cowgate area of the city.

The proposal, if agreed, would be highly likely to reduce travel time for the remaining learners leading to a more coherent educational experience provided for by more local provision.

¹ <https://education.gov.scot/reports/edinburgh-city/1002945>

When would the proposed closure of Panmure St Ann's Special School happen?

It is proposed to close Panmure St Ann's at the end of the school session in June 2017.

What will happen to the remaining learners on Panmure St Ann's school roll?

We recognise that any transition is challenging for learners and their parents/carers and for staff; pupils and parents/carers may be concerned about how this will be managed. Engagement of young people, parents and staff in regular young people planning meetings will help to mitigate the risks and anxieties associated with this change.

Four of the 6 remaining learners are June 2017 school leavers with the remaining 2 being December 2017 leavers and therefore it is anticipated that there will be no learners on the roll at Panmure St Ann's Special School by August 2017.

To enable continuity in their individual progression, extensive individual support for these learners is in place and they are all actively engaged in preparations for transitions and towards positive destinations for school/college partnership and/or intensive support from the council's JET programme provision.

There will be a phased approach to transition of the 6 remaining learners to their new schools (either a mainstream secondary school or Gorgie Mills Special School prior to June 2017) and initially this will be targeted at specific areas of the curriculum that are of special interest; continuity of positive relationships will be provided by the Panmure St Ann's staff to support each of the 6 young people.

Timescales for this will be on an individual basis and, where appropriate, early transition will be arranged. The CMRG, managed by the Depute Educational Psychologist, will continue to monitor the progress of the 6 Panmure St Ann's learners throughout the transition and until they finish their school education, to ensure that any support or interventions are addressed and implemented quickly and responsively in the best interests of these young people

Proposed alternative provision

Maintaining the current provision, i.e. keeping Panmure St Ann's Special School open, is not specifically given as an option in this consultation, but the Council could decide on this course of action if deemed appropriate as a result of the consultation.

The proposed closure would not require changes to be made to existing secondary catchment areas as special school placements are allocated on a city-wide basis. More suitable alternative provision which in summary includes enhancing universal provision with networks of support; reinvesting £200k per annum of the savings from closing Panmure St Ann’s into additional support for secondary aged learners with social, emotional and behaviour support needs.

In addition, in view of the remaining capacity at Gorgie Mills the proposed closure of Panmure St Ann’s would not compromise the authority’s future provision for special school placements for secondary age learners with social, emotional and behaviour support needs where required as there is still significant capacity at Gorgie Mills Special School.

Where can I get more information or comment on the proposals?

The Council website www.edinburgh.gov.uk/panmureconsultation contains further information on the consultation.

During the consultation period, any views on this proposal should be sent in writing to the address given below. Responses can also be made by e-mail to Panmurestanns.consultation@edinburgh.gov.uk.

The consultation document is available electronically and in paper format.

All responses to the consultation paper should be received by 27 February 2017 and addressed to the Acting Executive Director of Communities and Families.

The consultation period will run for a minimum of 6 weeks (including 30 days of school term time) i.e. from 10 January 2017 to 27 February 2017.

A public meeting will be held in respect of the proposal at the venues listed below

Venue	Date	Time
Waverley Court (Room C.47) 4 East Market Street Edinburgh EH8 8BG	Monday 6 February 2017	6.00pm- 8.00pm

At the end of the consultation period, the Council will provide Education Scotland with a copy of this document; written representations received by the authority during the consultation period (or, if agreed, a summary of representations) and a record of the public meetings.

When will a decision be taken on whether to proceed with the proposed closure?

Following the statutory consultation period, officers will consider all the points that have been raised in writing or at the public meetings and will make a final recommendation to Councillors. This report will be discussed at the Council Meeting on 29 May 2017 when the final decision will be taken.

Alastair Gaw

Acting Executive Director of Communities and Families
The City of Edinburgh Council
Waverley Court
Business Centre 2.6
(Panmure St Ann's consultation)
4 East Market Street
Edinburgh
EH8 8BG



HAPPY TO TRANSLATE

ترجمہ کے لئے حاضر! آماندہوں کے ساتھ انمواہد کرنا
بسماننا توفیر الترجمة MOZEMY PRZETŁUMACZYĆ 很樂意翻譯

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You can get more copies of this document by calling Children's Services Business Support on 0131 469 6123 or email your request to:

Panmurestanns.consultation@edinburgh.gov.uk

Public Consultation on the proposed closure of Panmure St Ann's Special School

This paper sets out the Council's proposal to commence a consultation process to close Panmure St Ann's Special School which offers secondary school places to young people from stages S3-S6.

This proposal reflects the Council's Vision for Schools that are effective in meeting the diverse needs of their communities. Through continuing improvement in school ethos, the curriculum, inclusive practice and partnership working almost all learners in Edinburgh now have their needs met in mainstream schools, which has resulted in a reduced requirement for placements in special schools for learners with additional social, emotional and behaviour support needs (SEBN). The population in the secondary special school provision has fallen from 112 to 55 over the past five years.

In the light of these changes, the Council now proposes that Panmure St Ann's should close with the needs of the small number of 6 young people who would remain on the school roll met more effectively through tailored, individual packages to enable them to complete their final stage of statutory school education within a mainstream school or, where appropriate, at Gorgie Mills Special School for secondary learners with social, emotional and behaviour support needs.

The document also explains the consultation process and the timescales for representations and decisions.

The paper has been issued by the City of Edinburgh Council for consultation in terms of the Schools (Consultation) (Scotland) Act 2010.

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Appendix 1 Panmure St Ann's Special School: Site plan

Appendix 2 Panmure St Ann's Special School: Location map

Introduction

- 1.1 It is a priority for the Council to provide high quality care and learning for children and young people and wherever possible to make effective provision within their own communities and schools within the City of Edinburgh. This is consistent with the legal obligation in favour of the 'presumption of mainstream' which maintains the right of all children and young people to be educated alongside their peers in mainstream schools, unless there are exceptional reasons in law for not doing so (Standards in Scotland's Schools Etc. Act 2000). For learners who require a special school environment the Council offers a wide range of provision in special schools and classes.
- 1.2 Our aim is that as far as is possible, personal or social circumstances such as gender, ethnic origin or family background are not obstacles to learners achieving educational outcomes in Edinburgh's schools. Continuing progress in the presumption of mainstream is supported by the inclusive nature of Curriculum for Excellence and the National Improvement Framework priorities for school education.
- 1.3 We are committed to the continued strengthening of high quality inclusive provision, enabling proportionate support for learners and effective measures to address additional support needs. We prioritise wellbeing for all young people and the development of skills for learning, life and work and the best possible post-school destination.
- 1.4 The Council's Vision for Schools² was approved by the Education, Children and Families Committee on 8 October 2013 and updated in March 2015. The Vision for Schools recognises that where additional support is required it is most effective when it is built on a foundation of strong universal provision.
- 1.5 The Council's school priorities 2016-19, reflect those of the Scottish Government National Improvement Framework³
 - Improvement in children and young people's attainment/achievement, particularly in literacy and numeracy.
 - Closing the attainment gap between the most and least disadvantaged children and young people.
 - Improvement in children and young people's health and wellbeing.
 - Improvement in employability skills and sustained, positive school leaver destinations for all young people.

² http://www.edinburgh.gov.uk/meetings/meeting/3616/education_children_and_families_committee

³ <http://www.gov.scot/Topics/Education/Schools/NationalImprovementFramework>

1.6 In 2010 we adopted a three-phase redesign strategy for additional support needs:

Phase 1 Strengthening universal provision in our schools, this continues as a key element of the improvement strategy.

Phase 2 Integrating assessment and support for Additional Support Needs within a wider approach to supporting children in need (Getting It Right for Every Child), including the introduction of a single child's plan and streamlining access to support.

Phase 3 Enhancing collaborative networks of support within and around schools and school clusters. This includes cluster teams, Educational Psychologists, an Additional Support for Learning service team, Social Work teams, NHS and other partners. A procurement framework will provide a range of supports and extended opportunities for learners through a range of partnership services to schools and learners.

1.7 There is good evidence⁴ that generally, where learners with additional social, emotional and behaviour support needs are supported in mainstream settings, they achieve better outcomes. Through continuing improvement in school ethos, the curriculum inclusive practice and partnership working almost all learners with additional social, emotional and behaviour support needs in Edinburgh now have their needs met in mainstream schools. This will be further enhanced by ongoing and inclusive practice review for secondary schools which includes head teachers and other key partners.

1.8 As part of phase 3 of this strategy the proposal is to close Panmure St Ann's Special School and to further enhance inclusive provision through tailored programmes to meet individual needs in mainstream settings where appropriate.

2. Summary of Proposal

2.1 The proposal to close Panmure St Ann's Special School reflects:

- progress achieved in providing effective inclusive support in mainstream schools
- improving capacity to deliver enhanced services for young people with additional social, emotional and behaviour support needs through

⁴ (Restrictive educational placements increase adolescent risks for students with early-starting conduct problems. Powers CJ1, Bierman KL2, Coffman DL3. Journal of Child Psychology and Psychiatry 2016 Aug; 57(8):899-908).

individual programmes and partner support within local mainstream schools

- continued enhancement of provision at Gorgie Mills Special School for young people who may continue to require a special secondary school placement.

2.2 Subject to the Scottish Government's statutory school closure process, it is proposed that Panmure St Ann's Special School would close at the end of June 2017. The closure would take effect on a planned and phased basis taking account the needs of young people.

Table 1: Panmure St Ann's falling school roll 2016-17

August 2016	January 2017	August 2017
14	6	Likely 0

- 2.3 Despite the high levels of commitment of the Panmure St Ann's staff, a school of 6 learners cannot provide the range and quality of curricular experience that young people require in order to prepare them for adult life and the world of work. It was concluded, therefore, that it would be preferable to offer learners a positive alternative which actively promotes their personal and social development and educational progress.
- 2.4 Accordingly, it is proposed that the 6 learners who are on the roll of Panmure St Ann's in January 2017 will transition to other schools with individual packages of support to complete their school education. Four of the 6 remaining learners are June 2017 school leavers with the remaining 2 being December 2017 leavers and therefore it is anticipated that there will be no learners on the roll at Panmure St Ann's Special School by August 2017. Given these circumstances it is proposed to close Panmure St Ann's at the end of the school session in June 2017.
- 2.5 To enable continuity in their individual progression, it is planned that the remaining 6 learners will either join the roll of a mainstream secondary school or Gorgie Mills Special School prior to June 2017 with programmes tailored to meet their individual needs. Extensive individual support for these learners is in place and they are all actively engaged in preparations for transitions and towards positive destinations for school/college partnership and/or intensive support from JET⁵.

⁵ (Job, Education and Training) Academy, as part of the Edinburgh Guarantee (<https://www.edinburghguarantee.org>).

- 2.6 Maintaining the current provision, i.e. keeping Panmure St Ann's Special School open, is not specifically given as an option in this consultation, but the Council could decide on this course of action if deemed appropriate as a result of the consultation.

3. Panmure St Ann's Special School – Case for closure

Capacity, school roll and referrals

- 3.1 Panmure St Ann's Special School was originally developed as an educational and social work service, for young people of secondary school age experiencing significant social, emotional and behavioural difficulties. Young people attended Panmure St Ann's on a part-time basis whilst they remained on the register of their host mainstream school. However, in practice this meant that almost all learners did not access their entitlement to full-time school education of 190 days and 27.5 hours of education. Meanwhile, as it was not recognised as a school, the Panmure St Ann's service was not part of the national school inspection framework. To address these concerns, following a review Panmure St Ann's was formally recognised as a special school offering full-time school education from S3 to S6 in August 2013.
- 3.2 Placement at any of Edinburgh's special schools is managed through the Council's Case Management Review Group (CMRG). This process enables both school and family/community support to be tailored to need and delivered in a single package following the principles of Getting It Right for Every Child (GIRFEC)⁶ In this way, the child's right to a mainstream education is protected and, where exceptional circumstances require it, special school placements are agreed.
- 3.3 Since this approach was introduced, in 2010, there has been a very significant shift in favour of meeting the needs, and organizing extensive and appropriate provision, for children and young people who require additional social, emotional and behavioural support needs in mainstream schools. Consequently, the number of referrals of children and young people to the CMRG for placements in secondary and primary special schools for SEBN, have reduced substantially.
- 3.4 In 2010, the pupil population in Rowanfield, the city's only primary special school for social, emotional and behavioural support needs, was 59. Two years following the introduction of the case management approach, in 2013/14 the school population had been progressively reduced to around 30 pupils. Over the same period, a programme of improvements in Rowanfield Special School has significantly enhanced the quality of provision. This too is reflected in a shift in number of learners who successfully progress from Rowanfield back into a

⁶ <http://www.gov.scot/Topics/People/Young-People/gettingitright/what-is-girfec>
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mainstream school as a result of the support provided. It has also enabled the school to support children with more complex needs who would have previously been placed in provision outside the authority.

- 3.5 This approach has led to a fall in demand for special school placements in primary which is now impacting on secondary provision. The sustained reduction in referrals has had a significant impact on Panmure St Ann's school roll. As more young people leave Panmure St Ann's Special School, new starts have remained very low, leading to a consistent fall in the school's roll as learner's leave school (Table 2). In recent years the overall population in the secondary special school provision at Gorgie Mills Special School and Panmure St Ann's Special School has fallen from a high of 112 to 55.

Table 2: Special School Placements for social, emotional and behavioural support needs, 2013-17

Special School/Year	2013/14	2014/15	2015/16	2016/17	Jan 2017
<i>Primary</i> - Rowanfield	33	31	28	23	32
<i>Secondary</i>					
Gorgie Mills	55	53	53	46	51
Panmure St Ann's	57	43	26	14	4
Secondary Total	112	96	79	60	55
Total	145	127	107	83	87

- 3.6 Following reductions in the school roll at Rowanfield Special School the number of referrals for special school placements at P7-S1 for learners with additional social, emotional and behaviour support needs is now only 2-4 placements per year. Gorgie Mills Special School will continue to provide secondary special school placements for learners with social, emotional and behaviour support needs similar to Panmure St Ann's. Gorgie Mills has a capacity of 72 places and by January 2017 it will have around 51 learners on its roll.
- 3.7 In light of this changing pattern of need the authority has concluded that despite the commitment of the staff, by the end of the 2016/17 school session, Panmure St Ann's Special School will be no longer viable as a school by August 2017 as there would be only 2 leavers by then on the school roll. In addition, in view of the remaining capacity at Gorgie Mills the proposed closure of Panmure St Ann's would not compromise the authority's provision for special school

placements for secondary age learners with social, emotional and behaviour support needs where required.

- 3.8 In addition to the fall in the pupil population, the nature and quality of the education at Panmure St Ann's Special School has fundamental shortcomings, as highlighted in the Education Scotland HMIE School Inspection Report published April 2016⁷. These challenges have become more acute following the decline of the school roll. With such a small pupil population both the breadth of curriculum subjects and the viability of the learning community is compromised.
- 3.9 In addition, there are significant shortcomings in the school environment which have been taken into account in this proposal. Panmure St Ann's School is located in the Cowgate area of the city in a 19th century listed building with no supervised outside space within the perimeter of the school. As a consequence the school is restricted in its ability to provide the necessary learning environment to deliver the full curriculum. By contrast, Gorgie Mills is located in premises that were purpose built for a secondary SEBN special school in 2008 with good outdoor space including an all-weather sports pitch.
- 3.10 At the end of 2015, in light of the above, the conclusion was reached by Council officers that Panmure St Ann's Special School is no longer required and that in future it would be more appropriate to make provision for this population of young people within mainstream provision and where appropriate at Gorgie Mills Special School. The principal reasons for this conclusion were:
- There is good evidence that mainstream provision is likely to achieve better outcomes for learners and is consistent with the duty to secure best value and the presumption of mainstream.
 - There are fundamental shortcomings in the nature and quality of the education provided in the Panmure St Ann's Special School.
 - The school continues to operate significantly below capacity, which compromises its educational viability and results in exceptionally high per capita costs.
 - Education Scotland's Education Scotland HMIE School Inspection Report published in April 2016 highlighted multiple areas for improvement in both attainment and learners' experiences at Panmure St Ann's Special School.
 - The building and has proved poorly suited to hosting a modern school education.

⁷ <https://education.gov.scot/reports/edinburgh-city/1002945>
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Proposed alternative provision

- 3.11 The proposed closure would not require changes to be made to existing secondary catchment areas as special school placements are allocated on a city-wide basis.
- 3.12 More suitable alternative provision which in summary includes enhancing universal provision with networks of support; reinvesting £200k per annum of the savings from closing Panmure St Ann's into additional support for secondary aged learners with social, emotional and behaviour support needs.

4. Educational Benefits Statement

- 4.1 The educational benefits for learners who require additional support for social, emotional and behavioural needs are at the heart of the 3-phase strategy (see **Section 1.6**) that has enabled us to propose this closure.
- 4.2 The main benefits this strategy has delivered are:
- additional support needs are met earlier and more effectively
 - improvements in inclusive practice within schools builds capacity to the benefit of the wider school population
 - by remaining in mainstream settings learners have more equitable access to wider opportunities and better outcomes
 - strengthening of supports available to schools allows a wider population to benefit from more flexible use of resources that would otherwise remain tied up in running special school provision
 - focusing support around schools allows the nurturing of local resources and networks, fostering more resilient communities
 - investing in the continuing improvement of provision for the small number of learners who continue to require a special school environment
 - enabling best use of resources and best value.
- 4.3 These benefits, which have been evidenced in local practice as the strategy has unfolded, are consistent with authoritative international research⁸.

The findings of this longitudinal study followed a large sample of children from the early years to outcomes in high school, indicate that '*although intended to benefit students, restrictive placements may exacerbate the maladjustment of youth with conduct problems' and lead to poorer outcomes*'. The study concludes:

⁸ Restrictive educational placements increase adolescent risks for students with early-starting conduct problems. Powers CJ1, Bierman KL2, Coffman DL3. Journal of Child Psychology and Psychiatry 2016 Aug; 57(8):899-908

‘To avoid harm to students and to society, schools must find alternatives to restrictive placements for students with conduct problems in secondary school, particularly when these students do not have cognitive impairments that might warrant specialized educational supports.’

- 4.4 The Council has carefully considered the timing of the closure and concluded that there would be greater benefit in closing the school in June 2017, rather than attempting to operate a school with a very small number of pupils for the 2017-18 school session. It is proposed that it would be preferable to offer all learners a positive alternative which both provides an opportunity for learners to receive their full educational entitlement and promotes young people’s personal and social development and educational progress.
- 4.5 The Education Scotland HMIE School Inspection Report⁹ highlighted a number of areas for improvement in the attainment and learning experience for young people attending Panmure St Ann’s. The evaluations of the five quality indicators are shown in Table 3 below.

Table 3: HMIE Inspection quality indicators – Panmure St Ann’s School

Quality Indicator	2013-2014	2014-2015	HMIE April 2016
Improvements in performance	3 -Satisfactory	3 - Satisfactory	3 - Satisfactory
Learners’ experiences	4 – Good	4 - Good	3 - Satisfactory
Meeting learning needs	4 – Good	4 - Good	3 - Satisfactory
The curriculum	3 - Satisfactory	4 - Good	2 - Weak
Improvement through self evaluation	2 – Weak	3 - Satisfactory	2 - Weak

- 4.6 The HMIE recommendations for improvement following the inspection included:
1. As a matter of priority, take steps to improve young people’s attendance and timekeeping.
 2. Increase expectations of young people’s attainment and achievement.
 3. Develop the curriculum in line with national guidance to ensure young people receive their full entitlements to a broad general education and senior phase.
 4. Take a more rigorous approach to self-evaluation and tracking young people’s progress.

⁹ Published April 2016 (<https://education.gov.scot/reports/edinburgh-city/1002945>)
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After carefully profiling learner's individual needs, we assessed that, with the benefits of careful personalised planning and assured supports, the remaining learners would benefit from alternative placements. Our conclusion is that for existing pupils, the risk of continuing to attend the school with a depleted population, poor levels of attendance and a restricted range of facilities/ opportunities outweigh any risk of a change of placement.

4.7 In future, most learners with social and emotional needs will benefit from inclusive provision in mainstream offering wider opportunities and higher standards in terms of educational outcomes. More detailed evidence for this assessment are set out below with regard to:

- **Educational outcomes (Improvements in performance)**
- **Quality of education (Learners' experiences; meeting learning needs; Curriculum)**

Educational outcomes

4.8 All schools in Edinburgh gather and analyse data to evaluate improvements in performance on an annual basis. This includes national qualifications, attendance and exclusions. This process allows each school to identify trends and work with Council officers to reach an evaluation of overall performance and plan improvements.

4.9 In assessing educational outcomes for Panmure St Ann's, attainment in National Qualifications, positive destinations, attendance and exclusions were all considered. Data from the Scottish Government's 'Insight' benchmarking tool for secondary schools with learners in the senior phase (S4 to S6) was used to evaluate outcomes. As Panmure St Ann's was only registered as a school from August 2013, data from 2014/15 was used to enable a clear comparison to all secondary schools.

4.10 Almost all of the population of learners who would in past years possible have attended Panmure St Ann's Special School are being supported in mainstream schools. Accordingly, as the alternative provision for almost all future learners is in mainstream, we have compared outcomes for Panmure St Ann's with outcomes in mainstream provision.

4.11 The Scottish Index of Multiple Deprivation (SIMD) is a Scottish Government tool used to determine areas of multiple deprivation to aid planning, targeting resources and self evaluation. As learners attending Panmure St Ann's are more

likely to come from backgrounds with higher levels of deprivation than average, this has been taken into account for purposes of comparison.

4.12 Data for Panmure St Ann’s is considered alongside a high school serving an area of high socio-economic deprivation (low SIMD) and the city average. The data indicates that Panmure St Ann’s has 50% of learners in SIMD 1 and 2 (and 68% in 1 to 3), compared to Craigroyston Community High School with 73% in SIMD 1 and 2 (and 80% in 1 to 3). We can see therefore that Craigroyston has an even greater proportion of learners in SIMD 1 and 2 than Panmure St Ann’s (73% compared to 50%). As we will go on to describe, Craigroyston is achieving better outcomes for learners than Panmure St Ann’s despite a more deprived population.

Table 4: Scottish Index of Multiple Deprivation (SIMD) Percentage of Pupils on the school roll in each Decile (Decile 1: most deprived area; Decile 10: least deprived area)

School(s)	SIMD Deciles										Total Roll (No. of pupils)
	1	2	3	4	5	6	7	8	9	10	
Panmure St Ann’s	24%	26%	18%	13%	3%	0%	3%	5%	3%	5%	38
Craigroyston Community High School	47%	26%	7%	5%	11%	3%	0%	0%	0%	0%	473
City of Edinburgh	12%	7%	8%	6%	6%	8%	7%	8%	11%	27%	18,163

Attainment in National Qualifications

4.13 All Scottish educational qualifications are given national tariff points which are used to determine entry requirements for further education. The number of national tariff points determines a learner’s options in progression routes to the world of work and further education. The higher the level of course studied, the higher the tariff points awarded to the learner. National 4 awards are used as the minimum benchmark for pupils to enable them to access college courses however Panmure St Ann’s currently only offers National 3 awards.

4.14 Learners currently attending Panmure St Ann’s are presented for lower level qualifications than their peers in Craigroyston Community High school and other City of Edinburgh secondary schools (which offer National 3, 4 and above) and as a result Panmure St Ann’s learners are likely be disadvantaged by not being offered a wider range of study opportunities. In addition, learners at Panmure St Ann’s did not all receive full course awards, with only some units completed.

4.15 At all levels the achievement of Panmure St Ann’s’ learners is significantly below average for the city and in comparison with achievement at Craigroyston

Community High School. There is also very limited opportunity at Panmure St Ann's for learner progression to higher level qualifications, which is a constraint on young people's opportunities to progress. Attainment data relating to relative performance in National Qualifications in courses for 2014-2015 is summarised in Table 5.

Table 5: Attainment in National Qualifications: S4 young people 2014-15

% of S4 Achieving:	Panmure	Craigroyston HS	Craigroyston HS (LAC* Pupils)	City Average
National 4 Numeracy	4%	56%	50%	87%
National 4 Literacy	20%	82%	75%	91%
One or more SCQF level 3 Course Awards (at least qualification at National 3 or above)	52%	94%	88%	97%
One or more SCQF level 4 Course Awards (at least one qualification at National 4 or above)	52%	89%	88%	95%

Note

*LAC Pupils: The Council provides a range of care options for looked after and accommodated young people based on their needs.

4.16 Attainment in National Qualifications, in both course awards and unit awards, is significantly higher and more broadly based in the comparator mainstream school above (in Table 5) than in Panmure St Ann's. The established trend in favour of the presumption of mainstream offers significant benefits in terms of the range of opportunities for study and levels of attainment for learners.

4.17 In Panmure St Ann's the course awards offered are more restricted due to the small number of pupils, staffing and the accommodation. In 2015/16 learners were offered a choice of 5 course awards, including English and Mathematics, mainly at National 3 level, with units mainly being achieved. In almost all CEC mainstream schools a range of 6-8 full National course awards is offered from National 3 to National 5 in S4, with progression to Higher possible in most subjects and to Advanced Higher in some subjects. There were no learners from Panmure St Ann's who gained qualification at National 5, whereas the city average is 86%.

- 4.18 The underachievement of young people who attend Panmure St Ann's was noted in the Education Scotland HMIE School Inspection Report¹⁰ when improvements in performance (i.e. attainment and achievement), of young people was evaluated as weak. In their Report, Education Scotland concluded: *'...there are more weaknesses within this aspect of the school's work. While there may be some strengths, the important weaknesses, either individually or collectively, are sufficient to diminish learners' experiences in substantial ways. It implies the need for prompt, structured and planned action on the part of the school'*.
- 4.19 With the falling roll at Panmure St Ann's it is proposed that the remaining 6 learners from Panmure St Ann's, all of whom are currently in S4, will transfer to alternative provision and will be supported via bespoke personalised learning programmes, with opportunities to progress their attainment and achievement within a wider range of options to reflect individual interests and strengths. In particular, they will benefit from being involved in relevant college provision and relevant work experience where they develop their skills for life and work where appropriate.
- 4.20 Accessing alternative schools allows for greater opportunities for progression in these pupils' learning and they will be able to receive far more accreditation opportunities for their wider successes and achievements.

Positive Destinations

- 4.21 Post school destination is one of the main measures used by the Scottish Government as part of the implementation of the National Improvement Framework to determine how well schools are doing at closing the attainment gap. In March 2015 positive destinations for Edinburgh's school leavers was 92.3% overall (88% for Craigroyston). Special schools overall were at 57.6%, whereas only 50% of leavers from Panmure St Ann's were successful in securing a positive destination. There is therefore an immediate concern to secure better opportunities for the current cohort of 6 learners from Panmure St Ann's.
- 4.22 To address this increased provision has already been put in place since August 2016 to support Panmure St Ann's pupils this year through enhanced Council provision i.e. through JET (Job Education and Training) programmes, business mentoring and work with other business partners on a continuing basis.
- 4.23 In almost all mainstream schools, there are high quality learning experiences developed through many partnerships which enhance the overall quality of education, thus improving outcomes for all learners and raising attainment and achievement.

¹⁰ Published April 2016 (<https://education.gov.scot/reports/edinburgh-city/1002945>)
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4.24 In mainstream schools there are many partnerships already existing and these partnerships are available to support learners from Panmure St Ann’s in mainstream and to help raise attainment and achievement. Many of these partnerships with local businesses have been built up around the vocational studies and the Panmure St Ann’s learners will benefit from these. Another educational benefit for the Panmure St Ann’s learners will be increased opportunity to learn in the community, as most of the mainstream schools have good access to quality community facilities which increase course range and accreditation, raising attainment and achievement. These opportunities support positive and sustainable post school destinations for all. For the few learners for whom a mainstream setting is not appropriate, Gorgie Mills Special School offers a purpose built environment and support which enables learners’ personalised programmes, (e.g. work experience and college placements) to be sustained and developed.

Attendance and Exclusions

4.25 The Education Scotland HMIE School Inspection Report¹¹ identified that as a matter of priority the school needed to ‘*take steps to improve young peoples’ attendance and timekeeping*’ p3.

4.26 Attendance at Panmure St Ann’s for the school session 2015/16 was 72.44%; whilst this is similar to comparable special schools it is well below the City of Edinburgh average in mainstream schools, which was 92.51%. The overall attendance figures for 2014-16 are shown below in Table 6 below. Once again, despite its profile of higher deprivation, Craigmoynton has significantly higher levels of attendance than Panmure.

Table 6: Panmure St Ann’s School and Mainstream Comparators

Attendance	2014/15	2015/16
Panmure St Ann’s Special School	71.76%	72.44%
Gorgie Mills Special school	69.75%	71.30%
Craigmoynton Community High School	89.96%	90.31%
All mainstream Secondary Schools	92.54%	92.51%

4.27 Continued low attendance at Panmure St Ann’s Special School is impacting on learning and teaching. After periods of absence pupils have to catch up on work missed in class; this also slows down the pace of their own learning and that of other pupils. A similar pattern applies at Gorgie Mills Special School; in response to which a targeted programme is now underway to improve attendance at both schools.

¹¹ Published April 2016 (<https://education.gov.scot/reports/edinburgh-city/1002945>)
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4.28 One factor influencing the level of attendance at Panmure St Ann's is the limited access to the appropriate curriculum in line with Curriculum for Excellence. If learners do not find the curriculum sufficiently challenging and stimulating in depth, breadth, coherence, relevance, challenge and enjoyment they are likely to feel less motivated to attend school and engage in learning. The inspectors concluded that the curriculum at Panmure St Ann's was weak. There are many factors impacting on this, including the size of the school and the inflexibility of the school accommodation.

4.29 Many of the subjects and courses which would motivate the Panmure St Ann's learners to attend school, e.g. vocational studies, are not offered on the curriculum because of Panmure's restricted facilities, range of expertise and partnerships. Diminishing numbers and poor attendance has resulted in very restricted levels of social interaction with peers in lessons and in particular a significantly adverse impact on group discussion and appreciating other view points. In addition many learners at Panmure St Ann's would benefit from a larger group of peers and teachers for interaction and friendship opportunities, along with a stronger and more relevant curriculum to provide greater opportunities to lead in their learning.

Quality of education

Curriculum and learners experiences and supporting learners to progress

4.30 Young people have a more restricted curriculum at Panmure St Ann's in comparison with other special schools and all other secondary mainstream schools, some of which is due to the building and its city centre location. In particular:

- There are no CDT facilities; pupils are required to be taken by bus to physical education facilities and CDT in mainstreams schools, resulting in a loss of time for teaching and learning.
- The lack of provision of outdoor and indoor sports facilities has a major impact on all learners as very few receive their entitlement to fulfil two hours quality physical education per week.
- Classroom facilities are limited and much of the school accommodation is inflexible and not easily adapted to meet the requirements of a modern curriculum developing skills for life, learning and work.
- There is a limited range of subjects offered in the Senior Phase and the building is the major contributor to this.
- Most mainstream schools have embedded digital learning in supporting young people to prepare for life beyond school. Although ipads have been purchased and staff trained in the use of digital technology this is not being used by consistently by staff to improve the learner's experience.

- Almost all mainstream secondary schools offer vocational studies for example: hairdressing, painting and decorating, gardening, hospitality and in some, car mechanics. There is no opportunity for learners to take part in vocational studies due to the restrictive nature of the school accommodation at Panmure St Ann's. Any learner needing to access these opportunities in a mainstream school has to travel there from Panmure St Ann's, resulting in a loss of time for teaching and learning.
- 4.31 The 6 remaining learners on the Panmure St Ann's Special School roll as of January 2017 will have individualised educational packages provided for them in conjunction with mainstream school placements or at Gorgie Mills Special School, if required. This will ensure that pupils continue to progress in their learning. Learners will have the opportunity to continue with their National qualifications and, where appropriate, to progress to next levels or to continue to develop their skills for learning, life and work.
- 4.32 The vocational courses in mainstream schools are certificated up to National 5 level. This level of qualification prepares learners well for apprenticeships, college or the world of work. Through the proposed alternative of mainstream placements the 6 learners at Panmure St Ann's will have full access to these opportunities, currently unavailable to these young people.
- 4.33 The transition to settings in mainstream, where appropriate, would provide the Panmure St Ann's learners with access to a wider and more diverse peer group, enhancing opportunities for collaborative learning and social interaction in groups and pairs. This would greatly improve the quality of learning experiences for these young people.
- 4.34 The quality of education in mainstream secondary schools or Gorgie Mills Special School would increase opportunities for learners to benefit from a broad, balanced, relevant and challenging curriculum especially in the Senior Phase (S4-S6). Learners at this stage on their learning journey would have the opportunity to build up their learning portfolio gaining SQA qualifications at appropriate levels as well as other awards such as The Duke of Edinburgh Award, JET programme, Saltire award, ASDAN, (via a range of courses covering preparation for life and work, enrichment subjects, PSHE and Citizenship).
- 4.35 The link between curriculum and national qualifications at this stage is of critical importance in the Senior Phase. For the remaining learners at Panmure St Ann's the move to another school to complete their Senior Phase would offer far more opportunities to build their portfolios and support them towards a positive and sustainable destination and continue to engage in learning beyond school.

- 4.36 Opportunities for further personalisation and choice at another school will build on each learner's strength and therefore educational experiences will be more relevant to the individual. Planned courses of study will reflect each learner's interests enabling opportunities for learners to study a greater range of courses and subjects than are currently offered at Panmure St Ann's.
- 4.37 The Education Scotland HMIE School Inspection Report published April 2016¹² evaluated support to learners as a weakness at Panmure St Ann's. In similar special schools, and overall in secondary mainstream schools, evaluations of the extent to which learners are supported to progress are at least 'good'. A key reason why Education Scotland evaluated Panmure St Ann's as 'weak' was the limited options in the curriculum, as learners are not receiving their entitlements to a modern, relevant and challenging curriculum.
- 4.38 In Edinburgh's schools generally, learning is very well planned, progression is evident, the pace of learning is well judged, the range of learning and teaching approaches are well monitored and overall the quality of learning and teaching is better and well measured. Learners also have many more opportunities to lead in their learning and receive high quality feedback during learning situations. All of these strengths will support Panmure St Ann's learners to achieve more and build their learning portfolios preparing for life beyond school if the proposed closure is implemented.
- 4.39 All mainstream secondary schools offer opportunities for young people to follow a coherent curriculum and in doing so increase the depth, breadth, and challenge of their educational experience. In all secondary mainstream schools there is a strong focus on ensuring that all learners receive their entitlements and their curriculum for S4-S6 provides opportunities for the continuation of study in discrete subject areas for National Qualifications.
- 4.40 In Edinburgh's mainstream secondary schools and in Gorgie Mills (the special school with the most similar profile to Panmure St Ann's) learning opportunities are better, young people are achieving and school accommodation is better suited to learning. Gorgie Mills Special School is a relatively new, purpose built special school with a larger roll than Panmure St Ann's and is therefore able to offer a wider choice of curriculum, both in terms of courses and levels.
- 4.41 By transferring to alternative provision in Edinburgh's schools to conclude their Senior Phase, learners from Panmure St Ann's will benefit from an increased range of opportunities to choose subjects and courses at appropriate levels. Planned learner pathways will take into account individual abilities and future destinations, while making space for wider achievement and providing scope for taking qualifications over differing timescales.

¹² (<https://education.gov.scot/reports/edinburgh-city/1002945>)
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Morale

4.42 Overall the morale in Panmure St Ann's is understandably low; pupils would benefit from learning in a more positive ethos with access to a wider range of opportunities and higher expectations of achievement and attainment.

4.43 Other users of the school

There are no other users of Panmure St Ann's School. There has been no placement of a young person from any other authority since Panmure St Ann's became a school in August 2013.

Future users of the school

4.44 The proposal to close Panmure St Ann's School reflects the progress achieved in strengthening universal provision in our schools, integrating assessment and support those learners with Additional Support Needs within a wider approach to supporting children in need and enhancing collaborative networks of support within and around schools and school clusters.

4.45 The continuing development of high quality inclusive provision has enabled proportionate support for learners and effective measures to address additional support needs in mainstream schools. This has led to a sustained trend away from referrals for specialist provision and generally achieving better outcomes. In this context there is no requirement for the continuation of Panmure St Ann's provision for social, emotional and behaviour support needs as such needs could be met at Gorgie Mills Special School which has available capacity for future learners.

Other schools in our Authority

4.46 The reduction in pupil numbers at Panmure St Ann's, from 43 in 2014/15 to 6 in January 2017 is largely due to early intervention and the increasing capacity of the mainstream schools to meet these needs. The current proposals will enhance this capacity further via an additional investment of £200,000 per annum of the savings from closing Panmure St Ann's from April 2018; this will supplement the current investment of £500,000 per annum in Inclusion monies to ensure long-term support to future learners.

4.47 Whilst there has been a significant decline in the Panmure St Ann's population the population of Gorgie Mills Special School remains at an average of just over 50, well below its capacity of 72. Accordingly, with this available capacity, it is not anticipated that there will be any adverse impact on provision at Gorgie Mills. In future we anticipate that enhanced provision in mainstream will increase the options available to future learners at Gorgie Mills.

4.48 The transition of the remaining 6 learners to suitable alternative schools is principally an opportunity to improve their opportunities and outcomes. However, we recognise that any transition also brings its own element of uncertainty for the learners and their parents/carers and this will be reflected in the young people's individual support plans. We will also provide the receiving schools with the assurance that this will not stretch their existing resources. Accordingly, Panmure St Ann's pupils will have appropriate additional staffing and /or resources to provide support to them as required.

Supports in mainstream schools

4.49 A wider range of resources currently available in mainstream schools for supporting learners include:

- Secondary school staff teams comprising Support for Pupils and Support for Learning
- Young Person's planning that ensures educational attainment is measured and included in plans
- Learning bases in most secondary schools
- A proven literacy programme which supports improvement in reading in pupils and access to the curriculum
- Community Learning and Development partnership working
- Youth Work to support positive engagement in learning
- Education Welfare Service – support to schools, children and their families
- Psychological Services
- Additional Support for Learning (ASL) Services
- School Health Services
- Support from Social Work services (where appropriate)
- Support from commissioned voluntary sector services, other voluntary sector and community organisations
- School Link Officers form a partnership between police and education

4.50 A number of initiatives are currently underway to support further improvement in additional support for Secondary school learners including:

- An increased focus on collaborative working through cluster teams,
- A pathway of support for learners with Emotionally-Based School Refusal issues and anxiety, particularly among adolescents.
- The development of a Virtual Learning Environment, to support learners unable to attend school for health reasons, or due to family circumstances.
- School Support for Learning leaders are working with the ASL Service and Psychological Services to lead in the implementation of the CIRCLE resource for inclusive practice with all teachers across the authority.

- The Growing Confidence programme includes staff training to support children’s mental and emotional well-being alongside the resource Supporting Young People Guide. This aims to raise awareness and understanding of the reasons behind children’s behaviour, how staff can respond empathically and better support young people with the difficulties they may be facing. The team also offer complementary support for parents (Raising Teens with Confidence) and peer education programmes (Cool, Calm & Connected) for young people.
- Other supports that are being rolled out include the NHS Mental Health First Aid training, Rights Respecting Schools and 1 in 5: Raising Awareness of Child Poverty Work, highlighting how best we can support young people to fulfil their potential.
- A resilience and role models programme ‘Turn Your Life Around’ is under assessment where volunteers who struggled in school themselves (because of family circumstances – poverty/abuse/neglect) are being trained to speak to staff, pupils and families in order to increase awareness of the challenges facing many of our young people and how we can best help them to turn things around.

Exclusions

4.51 In 2015/16 the average rate of exclusion in City of Edinburgh mainstream schools was 3% compared with 45% for Panmure St Ann’s. In session 2014/15 the corresponding figures were an average rate 5% and 53.50% at Panmure St Ann’s. These calculations are based on the number of pupils excluded compared to number of pupils overall.

The Council’s assessment of the benefits and any likely adverse effects of the Proposal (if implemented)

Benefits

4.52 If the proposal is implemented there would be a number of identified benefits both for young people currently attending Panmure St Ann’s School and future learners. Young people will have access to a wider range of opportunities within schools that are well equipped to deliver the curriculum and are demonstrating high expectations for achievement and attainment. They will benefit from opportunities for an extended senior phase and extensive local partnerships between their schools, employers, and college and community resources.

4.53 For future learners the closure is the culmination of the latest phase in a strategic improvement programme. It is part of a process of building a progressive collaborative approach founded upon a shared vision and commitment to inclusive practice across the sector and partners. To complement this, we are currently undertaking a self-evaluation exercise with head teachers and key partners. This will consolidate a common vision, help

share effective practice, inform continuing improvement and enhance partnership working across schools, Edinburgh College and community partners.

4.54 Continued improvements in integrated programmes of school and family support for learners in mainstream schools will enable a wider population of children in need to benefit from the assurance that the right support is readily available. Furthermore, linking with more innovative social work practice in locality teams, will provide better integrated approaches to intervention and, where appropriate, intensive support preventing the need for learners to move schools. Enabling learners to sustain their placement in mainstream provision in this way is likely to further reduce the need for specialist provision in this area, releasing capacity for reinvestment in other areas.

4.55 The combined effect of these approaches to support positive outcomes (achievement, attainment and positive destinations) by enabling learners to benefit from effective supports through mainstream schools and their partners. This will contribute to achieving the Scottish Government's and the Authority's key priorities for schools 2016-19, which reflect those of the National Improvement Framework:

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

Transition arrangements and managing potential adverse effects of closure

4.56 We recognise that any transition is challenging for learners and their parents/carers and for staff; pupils and parents/carers may be concerned about how this will be managed. Engagement of young people, parents and staff in regular young people planning meetings will help to mitigate the risks and anxieties associated with this change.

4.57 There will be a phased approach to transition of the 6 remaining learners to their new schools and initially this will be targeted at specific areas of the curriculum that are of special interest; continuity of positive relationships will be provided by the Panmure St Ann's staff to support each of the 6 young people. Timescales for this will be on an individual basis and, where appropriate, early transition will be arranged. The CMRG, managed by the Depute Educational Psychologist, will continue to monitor the progress of the 6 Panmure St Ann's learners throughout

the transition until they finish their school education, to ensure that any support or interventions are addressed and implemented quickly and responsively in the best interests of these young people

5. Equality Statement

5.1 The Equality Act 2010 requires the Council to:

- Eliminate unlawful discrimination, harassment and victimisation and other prohibited conduct
- Advance equality of opportunity between people who share a relevant protected characteristic and those who do not
- Foster good relations between people who share a protected characteristic and those who do not

5.2 Protected characteristics include: Age, Disability, Gender Identity, Marriage/Civil Partnership, Pregnancy/Maternity, Race, Religion/Belief, Sex and Sexual Orientation.

5.3 The proposal to close Panmure St Ann's School will improve opportunities for pupils to attain a higher standard of education, to be fulfilled and stimulated intellectually and creatively, to develop skills for participation and to access education that meets individual needs.

5.4 Learners will have access to a broader range of courses in mainstream schools, more relevant learning experiences, and greater opportunity for increased personalisation with access to the senior phase as appropriate, all of which is expected to improve outcomes.

5.5 Special School provision from S1 to S5 will continue to be available at Gorgie Mills for any learners who may require specialist provision into the future.

5.6 An Equality and Rights Impact Assessment has commenced (and is available on request) but the views of the public are integral to its development and conclusion. All views gathered regarding the impact of the proposal on equality issues or on the rights of staff, pupils and others will be taken into account in the completion of this assessment.

6. Personnel/Staffing

6.1 As a result of the continuing reduction in the school roll at Panmure St Ann's School the management of the administrative and classroom support staff groups is underway in line with existing Council procedures.

6.2 Teaching staff resources are also currently being managed in light of the reducing school roll at Panmure St Ann’s School, in line with the LNCT (Local Negotiating Committee for Teachers) process and Council procedures,

7. Travel and Transport

7.1 Most learners travel some distance to attend Panmure St Ann’s School and its city centre location which can result in delays in starting the school day and prolonged journeys at the end of the day. Learners also experience additional disruption during the school day with the need travel across Edinburgh to access facilities and activities due to the lack of onsite provision within the Cowgate area of the city.

7.2 The proposal, if agreed, would be highly likely to reduce travel time for almost all learners leading to a more coherent educational experience provided for by more local provision.

8. Financial implications

8.1 The annual cost of services at Panmure St Ann’s School is £1.1m to support a capacity of 54 pupils.

8.2 In the 2016/17 budget process, the Council approved savings of £900K based on the proposed closure. This consists of £225K in 2016/17 with a further £675K in 2017/18. Total savings are £1.1m per year with £900K in approved savings and re-investment of £200K in additional support.

Should the consultation conclude that Panmure St Ann’s should not close, approved savings of £900K will not be achievable and alternative savings will have to be identified.

8.3 The table below sets out the forecast financial position for 2016/17, 2017/18 and 2018/19 on the assumption Panmure St Ann’s closes in June 2017.

	2016/17 £m	2017/18 £m	2018/19 £m
Budget at full capacity of 54 pupils	1.100	1.100	1.100
Approved savings (cumulative)	0.225	0.900	0.900
Residual budget	0.875	0.200	0.200
Cost to deliver services of reduced roll	0.705	0.145	0.000
Balance available for re-investment	0.170	0.055	0.200

The above costs do not include the impact of empty property rates or any costs associated with security or on-going maintenance at the site. Work is ongoing with the estates section on the future use of the premises and any costs will be identified at that stage.

In addition to the above figures, £38K of property costs and £34K of business support costs would also be saved, contributing to approved savings in these service areas.

- 8.4 At full capacity (54 young people) this equates to education costs per school place of £20,370 a year. The average cost of a mainstream secondary school place is £4,221 a year.

The cost of maintaining provision at Panmure St Ann's for a roll of 6 learners is £35,827 per learner.

Roll	Teaching Staff	Non Teaching Staff	Transport	Supplies and Services	3rd Party Costs	Total Budget	Cost per place
54	533,456	508,059	12,500	36,986	9,665	1,100,666	20,370
6	138,152	59,195	2,250	13,437	1,928	214,962	35,827

- 8.5 The reinvestment of £200K per annum from savings associated with the proposed closure would support individualised packages for pupils who need them in order to be educated in a mainstream school.
- 8.6 The Council will seek to re-deploy all affected staff at Panmure St Ann's School, however, should there be any early release costs these will be met through funding made available for the Council's transformation programme.

9. Conclusion

- 9.1 The rationale for the closure of Panmure St Ann's Special School can be summarised as follows:
- The reduced demand for special school placements has resulted in a reduction in referrals and an associated reduction in Panmure St Ann's school roll to the extent that by the end of the 2016/17 school session, it will be no longer viable as a school.
 - The school is restricted in its ability to provide the necessary learning environment to deliver the full curriculum.
 - Fundamental shortcomings in the nature and quality of the education provided in the Panmure St Ann's Special School became fully apparent once the service was required to fulfil all of the obligations of a school.

- Education Scotland's The Education Scotland HMIE School Inspection Report¹³ highlighted multiple areas for improvement in both attainment and learning experience.
- The school's location within the original Cowgate building has proved poorly suited to hosting modern school education.
- The school continues to operate significantly below capacity, which compromises its educational viability and results in exceptionally high per capita costs compared to alternate provision.
- Travelling time for learners is a barrier to attendance, achievement and participation.
- There is good evidence that local, less restricted provision is likely to achieve better outcomes for learners and is consistent with the duty to secure best value.

10. Consultation Process

10.1 It is proposed to close Panmure St Ann's School at the end of the school year, 30 June 2017.

10.2 The Schools (Consultation) (Scotland) Act 2010 sets out the statutory consultation requirements. For the closure of Panmure St Ann's Special School; the statutory consultees include:

- Education Scotland
- Panmure St Ann's Special School:
 - The 6 learners at the school from January 2017 transitioning to other schools by August 2017
 - Parents /carers of the 6 remaining learners at Panmure St Ann's
 - School senior management team and staff at Panmure St Ann's
 - Staff Trade Union representatives
- All other special school head teachers
- Gorgie Mills Special School (secondary)
 - Parents /carers
 - Pupils
 - Staff
 - Parent Council
 - Potential parents
- Edinburgh's mainstream secondary schools

- Secondary school head teachers
 - Pupil support deputy head teachers (responsible for managing CMRG referrals within their own school)
 - Parents/carers
- Parent Council chairs for all Edinburgh secondary schools and the special sector
 - Edinburgh councillors /representatives (Education, Children and Families Committee)
 - Archdiocese of St Andrews /Archdiocese of Edinburgh
 - Tollcross and Southside Community Councils

10.3 The consultation period will run for a minimum of 6 weeks (including 30 days of school term time) i.e. from 10 January 2017 to 27 February 2017.

10.4 The consultation document will be made available electronically and in paper format. A public meeting will be held in respect of the proposal at the venues listed below.

Venue	Date	Time
Waverley Court (Room C.47) 4 East Market Street Edinburgh EH8 8BG	Monday 6 February 2017	6.00pm- 8.00pm

10.5 At the end of the consultation period, the Council will provide Education Scotland with a copy of this document; written representations received by the authority during the consultation period (or, if agreed, a summary of representations) and a record of the public meetings.

10.6 Education Scotland is required to prepare a report on the educational aspects of the relevant proposals and must submit this report to the Council within three weeks (or longer if agreed). It is anticipated that their assessment would be undertaken during March 2017. The Council must then take account of this report in preparing the Consultation Report on the outcomes of the consultation.

10.7 This Consultation Report must be publicly available at least three weeks prior to its consideration by Council 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 meetings along with the Council response to representations made. It is anticipated that the consultation report will be presented to a meeting of the Council on 29 May 2017 setting out final recommendations.

10.8 Should the Council approve the closure of Panmure St Ann's School, then Scottish Ministers would have six weeks from the date of the Council decision to decide whether to call in the proposal for determination. Should Scottish Ministers decide not to call in the proposal, the Council could enact the decision. Based on a Council decision being taken on 29 May 2017, the Ministerial call in period (maximum of 8 weeks from the final Council decision, if closure, would conclude on 4 August 2017).

10.9 The Council website, www.edinburgh.gov.uk/panmureconsultation will contain information on the consultation. During the consultation period, any views on this proposal should be sent in writing to the address given below. Responses can also be made by e-mail to panmurestanns.consultation@edinburgh.gov.uk

All responses to the consultation paper should be received by 27 February 2017 and addressed to the Acting Executive Director of Communities and Families.

Alastair Gaw

Acting Executive Director of Communities and Families

The City of Edinburgh Council

Waverley Court

Business Centre 2.6

(Panmure St Ann's consultation)

4 East Market Street, Edinburgh, EH8 8BG



HAPPY TO TRANSLATE

ترجمہ کے لئے ہمارے
আমাদের সঙ্গে অনুবাদ করব
وسمعتنا نوافير الترجمة
MOŻEMY PRZETŁUMACZYĆ 很乐意翻译

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ITS can also give information on community language translations.

You can get more copies of this document by calling Children's Services Business

Support on 0131 469 6123 or email your request to:

Panmurestanns.consultation@edinburgh.gov.uk

Panmure St Ann's

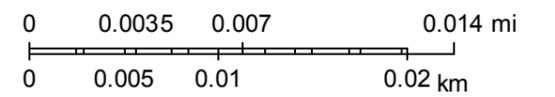


January 5, 2017

Transactions Out

- EDC-circle
- EDC-outline
- EDC-sold
- amendment-of-lea
- leased-out
- minute-of-waiver
- sale-def
- sale-un

1:375



Consultation on a Proposal to Close Panmure St Ann's Special School

The image is a screenshot of a Google Maps browser window. The address bar shows the URL: <https://www.google.co.uk/maps/place/Panmure+St.+Ann's+Centre/@55.950097,->. The map displays a section of Edinburgh, Scotland, with a red pin marking the location of Panmure St. Ann's Centre. The sidebar on the left contains the following information:

- Panmure St. Ann's Centre**
- No reviews
- Community centre
- CALL
- SAVE
- WEBSITE
- Cowgate, 6 S Gray's Cl, Edinburgh EH1 1TQ
- 0131 556 8833
- Review summary
- WRITE A REVIEW
- See photos, and more...

The map shows several landmarks and streets, including Goldenacre Playing Fields, Royal Botanic Garden Edinburgh, Warriston Cemetery, Edinburgh Playhouse, British Council, City, St Giles' Cathedral, Edinburgh Castle, Usher Hall, National Museum of Scotland, The University of Edinburgh, James Gillespie's High School, and Peffermill Playing Fields. A small white box on the map contains the text: "Directions from here", "Directions to here", and "What's here?".

Proposed closure of Panmure St Ann's Special School Education Scotland report and Council Response:

(1) Report by Education Scotland addressing educational aspects of the proposal by the City of Edinburgh Council to close Panmure St Ann's Special School

1. Introduction

- 1.1 This report from Education Scotland has been prepared by HM Inspectors in accordance with the terms of the *Schools (Consultation) (Scotland) Act 2010* and the amendments contained in the *Children and Young People (Scotland) Act 2014*. The purpose of the report is to provide an independent and impartial consideration of The City of Edinburgh Council's proposal to close Panmure St Ann's Special School.
- 1.2 Section 2 of the report sets out brief details of the consultation process.
- 1.3 Section 3 of the report sets out HM Inspectors' consideration of the educational aspects of the proposal, including significant views expressed by consultees.
- 1.4 Section 4 summarises HM Inspectors' overall view of the proposal. Upon receipt of this report, the Act requires the council to consider it and then prepare its final consultation report.
- 1.5 The council's final consultation report should include a copy of this report and must contain an explanation of how, in finalising the proposal, it has reviewed the initial proposal, including a summary of points raised during the consultation process and the council's response to them. The council has to publish its final consultation report three weeks before it takes its final decision. Where a council is proposing to close a school, it needs to follow all legislative obligations set out in the 2010 Act, including notifying Ministers within six working days of making its final decision and explaining to consultees the opportunity they have to make representations to Ministers.
- 1.6 HM Inspectors considered:
- the likely effects of the proposal for young people of the school; young people likely to become pupils within two years of the date of publication of the proposal paper; and other young people in the council area;
 - any other likely effects of the proposal;
 - how the council intends to minimise or avoid any adverse effects that may arise from the proposal; and
 - the educational benefits the council believes will result from implementation of the proposal, and the council's reasons for coming to these beliefs.
- 1.7 In preparing this report, HM Inspectors undertook the following activities:
- attendance at the public meeting held on 6 February 2017 in connection with the council's proposals;
 - consideration of all relevant documentation provided by the council in relation to the proposal, specifically the educational benefits statement and related consultation documents, written and oral submissions from parents and others; and

- visits to the site of Panmure St Ann's Special School and Gorgie Mills School, including discussion with relevant consultees.

2. Consultation Process

- 2.1 The City of Edinburgh Council undertook the consultation on its proposal with reference to the *Schools (Consultation) (Scotland) Act 2010* and the amendments in the *Children and Young People (Scotland) Act 2014*.
- 2.2 The consultation period ran from 10 January 2017 until 27 February 2017. The document was made available electronically and in paper format to a wide range of stakeholders as well as on the council website. A public meeting was held on 6 February 2017. It was attended by 20 stakeholders including parents. Almost all of the attendees were current or former pupils, parents of Panmure St Ann's Special School and current or former employees of The City of Edinburgh Council who have a connection with the school. Overall, significant opposition to the proposal was recorded at the meeting. The acting headteacher and council staff have engaged stakeholders well through discussing the proposal as appropriate during the consultation period. An online survey resulted in 40 responses. Thirty-nine of the respondents indicated that they do not agree that Panmure St Ann's Special School should close at the end of June 2017.

3. Educational Aspects of Proposal

- 3.1 HM Inspectors agree that the proposal to close Panmure St Ann's Special School does have the potential to bring about educational benefit for young people with social, emotional and behavioural needs. The current school building is lacking in key facilities resulting in a restricted curriculum. Therefore, young people have to spend time travelling to other venues during the school day to gain their entitlement to a broad curriculum in areas such as physical education, science, hospitality, design and manufacture. Opportunities for young people to progress at the senior phase are limited. Outdoor facilities are inadequate and offer no relaxation or social space for young people to interact with each other. HM Inspectors agree that pupil numbers are now, due to a reduction in referrals, so low that it is no longer viable as a school. However, the educational benefits for young people who would have continued to attend after June 2017 are not yet sufficiently robust. They need a clear plan which will provide the benefits of a bespoke curriculum and ensure attendance at school improves and is sustained.
- 3.2 Almost all stakeholders who responded to the survey are not in favour of the closure. Families who spoke with HM Inspectors agree the school building is not ideal and that the arrangements for young people to progress toward national qualifications are not strong. However, stakeholders including families, praised highly the school ethos and the work of staff in engaging and nurturing young people. They do not agree with the view of The City of Edinburgh Council outlined within the proposal that young people would have better learning opportunities and perform more successfully in a mainstream school with appropriate support or in Gorgie Mills School. In taking forward this proposal, The City of Edinburgh Council needs to ensure that young people will continue to receive a high level of personal support.
- 3.3 Young people who spoke with HM Inspectors praised the work of Panmure St Ann's Special School in nurturing and supporting them on an individual basis. They do not agree with the proposal to close the school. Young people feel the provision at the school is unique and alternative arrangements, as outlined by The City of Edinburgh Council, are not appropriate. They

do not have confidence in the proposals to provide them with individualised educational packages in conjunction with mainstream placements. However, all young people want to improve their national qualifications to secure a positive destination such as a place at college or apprenticeship. They recognise that this is likely to be achieved outwith Panmure St Ann’s Special School.

4. Summary

- 4.1 In taking forward the proposal, The City of Edinburgh Council has the opportunity to improve the educational outcomes for young people with particular social, emotional and behavioural needs. Young people would have access to better facilities within mainstream secondary schools and opportunities for a more coherent senior phase which could incorporate, as the proposal states, college and employer partnerships. HM Inspectors agree that through utilising council wide services, The City of Edinburgh Council has the potential to devise effective, alternative individualised placements for young people who would likely have become pupils of Panmure St Ann’s Special School in the future. However, the proposal needs to state more clearly how The City of Edinburgh Council will assure current and any potential future pupils of this school that the right support will be readily available.
- 4.2 Young people and their families oppose the closure of Panmure St Ann’s Special School. In finalising the consultation report, The City of Edinburgh Council will need to offer them further reassurance that improved educational outcomes can be achieved through working in close partnership with them. Young people also seek assurance that any individualised educational plans involving alternative placements will be negotiated with them and will offer a realistic chance of improving their attendance and qualifications.

HM Inspectors
 Education Scotland
 March 2017

(2) The Council’s Response to Education Scotland

- The Act requires that the Council’s consultation report include ‘a statement of the authority’s response to Education Scotland’s report’.
- The various issues, and the Council response to them, are set out below in the order in which they appear in the Education Scotland report with references quoted being to that report.
- The Council is confident that the issues identified have either already been addressed or that all required arrangements and plans are in place to ensure that any actions which are necessary to mitigate these issues will be taken timeously. As a consequence, the Council remains confident that the educational benefits identified in the proposal will be fully realised.

Issues raised	Council response
<p>Paragraph 3.1 The educational benefits for young people who would have continued to attend after June 2017 are not yet sufficiently robust. They need a clear plan which will provide the benefits of a bespoke curriculum and</p>	<p>The remaining small number of young people at Panmure St Ann’s who would have continued to attend after June 2017 are all Christmas 2017 leavers. The young people have been kept together as a group for peer support and all will transfer to the roll of Gorgie Mills school by May 2017 receiving full time education. Their</p>

<p>ensure attendance at school improves and is sustained.</p> <p>....In taking forward this proposal, The City of Edinburgh Council needs to ensure that young people will continue to receive a high level of personal support (within a mainstream school or in Gorgie Mills School).</p>	<p>parents/carers have been fully involved in these arrangements and are keen for their children to be a broader range of appropriate academic and employability/ college preparation support. A full and comprehensive handover is taking place between Panmure St Ann's and Gorgie Mills staff to support a strong and ongoing focus on individual timetables and plans for each young person within the GIRFEC and young persons planning structures.</p> <p>Each young person will be allocated a key adult (teaching lead professional) at Gorgie Mills School. The lead professional is supported by a dedicated resource from the Council's JET programme who has built good relationships with the young people whilst at Panmure St Ann's and will continue to provide support and resources to help them move forward to achieving positive destinations.</p>
<p>Section 4</p> <p>The Council's proposal (to devise effective, alternative individualised placements for young people who would likely have become pupils of Panmure St Ann's Special School in the future) needs to state more clearly how it will assure current and any potential future pupils of this school that the right support will be readily available.</p> <p>In finalising the consultation report, The City of Edinburgh Council will need to offer them further reassurance that improved educational outcomes can be achieved through working in close partnership with them.</p> <p>Young people also seek assurance that any individualised educational plans involving alternative placements will be negotiated with them and will offer a realistic chance of improving their attendance and qualifications.</p>	<p>Young people with additional social, emotional and behavioural needs who in future still require a special school placement will be accommodated within Gorgie Mills School which continues to have spare capacity given the number of referrals of children and young people to the CMRG for placements in primary and secondary special schools for SEBN has reduced substantially.</p> <p>The Council's JET Programme will continue to provide expertise and support to young people with SEBN attending Gorgie Mills or mainstream schools as part of the Council's ongoing tailored curriculum and support approach for individual young people delivered through the individual's school and external partners according to assessed need.</p> <p>The £200K as part of the proposed Panmure St Ann's closure will be available on an annual basis and its allocation and use to mainstream secondary schools will be determined through the Inclusive Practice Review Group as reported to Committee in March 2017.</p>

**Proposed Closure of Panmure St Ann's Special School
Public consultation and Responses**

(1) Attendee Categories at the Statutory Public Consultation Meeting (6 February 2017)

Category	No.
Current Panmure St Ann's Special School staff	4
Former Panmure St Ann's Special School staff	7
Panmure St Ann's current pupil (accompanied by family members)	1 (+3)
Former Panmure St Ann's Special School pupil	1
Member of general public	1
Education Institute of Scotland(EIS) teacher trade union representative	1
Interim Executive Director, Communities and Families, City of Edinburgh Council	1
Education Scotland representative	1
Total	20

(2) Recorded Minutes of the Statutory Public Consultation Meeting

Monday 6 February 2017 6.30pm-8.30pm at Waverley Court, 4 East Market Street Edinburgh

Panel:

Independent Chair: Tom Wood
 Andy Jeffries, Acting Head of Children's Services
 Councillor Cammy Day, Convenor, Education Children and Families Committee
 Martin Vallely, Senior Manager ASL Service and Special Schools
 Maria Lloyd, Quality Improvement Manager Special Schools

Also in attendance: Mandy Shiel, Acting Head Teacher, Panmure St Ann's Special School

Introduction

Tom Wood: My job here tonight is to ensure your voices on this proposed closure are heard; public consultation does not end until 27 February 2017 and if after tonight you have more questions/ views you can write in or email us via the contact details on the Council's website – on the Consultation Hub.

Any decision to close Panmure St Ann's School would only be taken at a full Council meeting and will be considered in the light of the merits of the case which will capture all the arguments and be made available to the general public.

The format of the evening tonight is:

- Introducing Council officers and the Convenor here tonight
- A short presentation
- Thereafter the evening is yours to make your points about the pros and cons of the proposed closure.

PowerPoint presentation

Martin Vallely: I have already met staff/pupils and parents at Panmure St Ann's and acknowledge the strong feelings regarding the proposed closure.

Be assured that what has been said already and what is said tonight will inform the decision on how to take things forward.

The presentation summarises key aspects of the consultation documents (copies are available here tonight and from the Council's website).

We also acknowledge the challenging transition for the remaining learners at Panmure St Ann's at the present time and going forward.

At the end of the presentation:

Tom Wood asked the Council panel if there was anything to add before the evening moved on to questions from the audience.

Tom asked that there be one question at a time and for individuals to speak clearly so that what is said could be recorded in the minutes. Priority for questions would be given to families and their children attending the school.

Question	Answer
<p>There are hardly any referrals (for young people to go to Panmure St Ann's)</p> <p>Why has it taken 8 months for Child A to get to Panmure St Ann's and in that time he has lost schooling?</p>	<p><i>Martin Vallely:</i> I can't speak about Child A's situation tonight but very happy to look into it. There are children who have breakdowns in timetables or are excluded and sometimes it takes too long to get them back into school.</p> <p>We want to restore relationships, get them back to school or change the school as quickly as possible.</p> <p>I apologise – it is not good enough. It has been a real challenge running Panmure St Ann's with just a few pupils.</p>
<p>(The closure) It's about saving money; type of education needed is more important than finance. Why take it (Panmure St Ann's) away from children who need it? They can't control emotions etc.</p> <p>(Closing the school) is taking opportunities away from us.</p> <p>Gorgie Mills (Special School) is completely different.</p>	<p><i>Tom:</i> You have made a very important point. It is a question of quality assurance during transition.</p> <p><i>Martin:</i> Gorgie Mills and Panmure St Ann's are different and have different environments and history but both do the same job - school education for young people with Social, Emotional and Behaviour Support (SEBN) Needs to provide education provision with the breath and balance that young people are entitled to. However we don't want to rest on our laurels and want to continually improve Gorgie Mills.</p>

<p>Why not (just) improve Panmure St Ann's?</p> <p>There are not enough referrals (to keep the school going) - you have stopped them. They have been told to say this.</p>	<p><i>Tom:</i> ...a huge issue...</p> <p><i>Martin:</i> We have been reviewing this issue; over accumulating years there have been less referrals.</p> <p>A central (Communities and Families) group run by one of our depute educational psychologists makes decisions on which special school a young person will attend. I understand there was space available in the time (Child A was out of school) although he did not get back to the school until September.</p>
<p>A lot of children in mainstream need Panmure support.</p>	<p><i>Maria Lloyd:</i> Not enough referrals are coming through (for a place at Panmure)</p>
<p>How could they cope with Child A in mainstream, in a class with 30 children?</p> <p>There are two ways of handling special need cases, in a separate class or through integration.</p> <p>Special classes – the trouble is they 'label' people Integration-other parents think children with special needs are keeping their own children back.</p> <p>Hence the argument for special schooling – I am a product of it; (the Council) really needs to decide what it is trying to do.</p>	<p><i>Tom:</i> Martin would you go over integration into mainstream and what support is provided there.</p> <p><i>Martin:</i> Overall we have more places than we need in special schools (for children and young people with SEBN). We provide a range of support (for this pupil population) including special school provision.</p> <p>Provision overall is built around the needs of different schools in different communities and involves different approaches.</p> <p>All schools have capacity to provide additional support for additional needs.</p> <p>We are working with head teachers to develop different models of partnership and local support to build on young people's interests; working with each school to develop the best model (for their school and their community) and sharing best practice across schools. This includes capacity outside schools to continue to work (with pupils) on an individual basis as a stepping stone back into school if required or to access wider opportunities in the community.</p>

<p>You have made your decision (to close Panmure)</p>	<p><i>Tom:</i> The decision will be made at the end of May at full Council.</p>
<p>Where's Child A's teacher gone?</p>	<p><i>Tom:</i> Child A is an individual case – it is not appropriate to discuss this in a public meeting.</p>
<p>Martin Vallely is painting a very rosy picture.....is it easy or difficult to place Panmure pupils who asked for mainstream?</p>	<p><i>Martin:</i> Work is underway and not without challenges but we are making progress.</p> <p>Panmure will not close until August 2017 if the decision is taken to close the school.</p> <p>In the meantime, we are looking to provide the best range of options on an individual basis which needs careful planning and working on it to ensure good support is provided in mainstream schools (during transition for the remaining pupils at Panmure).</p>
<p>Mainstream are reluctant to take up some of our pupils.</p>	<p><i>Martin:</i> There has been some caution and reluctance but there is commitment and the conversation has moved on and we are working closely with mainstream schools.</p> <p>One issue is that we have never re-integrated (pupils into mainstream) in the way we are trying to do now; we have never tried to move pupils from Panmure to mainstream in the last 2 years when it has been a full time school.</p> <p>This brings its challenges and we have been learning how best to do this.</p> <p>Some young people at Panmure have not got their qualifications and it is quite hard to move them into an S4 cohort with peers in mainstream who do have qualifications.</p>
<p>A crucial role - the involvement of young people and their families' future is that it follows the GIRFEC model.</p> <p>What is the scenario when mainstream is not best (for a pupil) or Gorgie Mills?</p> <p>Panmure provided yet another strand; (closure would) shoehorn (provision) into a narrower range of possible options.</p>	<p><i>Martin:</i> Some (Panmure pupils) have transferred from the school to Gorgie Mills or mainstream; it is not a question of shoe horning; it is a delicate situation.</p> <p>Given the way numbers have fallen (at Panmure) it can't meet the needs of young people who remain; we have to deal with matters on an individual basis which is the best plan.</p>

<p>Reference is made in the consultation main document to '2005' and 'better supports' - what is the evidence it is better?</p> <p>Can we access the evidence?</p>	<p><i>Martin:</i> When work started (on reviewing the future of Panmure St Ann's Special School) the evidence included the number of children requiring places in primary SEBN which at Rowanfield Special School has fallen by 50% and there have been a number of children going back to mainstream from Rowanfield as well.</p> <p>A range of supports including Barnardo's, community support teams are working closely with (our Additional Support for Learning) ASL and Rowanfield and this has led to a reduction in demand for new places at secondary level for SEBN.</p> <p>At the same time we have started to adopt similar approaches so we have had fewer referrals from secondary mainstream for SEBN special school provision. Evidence is based on what the children and young people population is within Edinburgh and our wider approach regarding young people with SEBN.</p>
<p>Can we access this?</p>	<p><i>Martin:</i> Yes.</p> <p><i>Tom:</i> Copies of the consultation documents are at the front.</p>
<p>Gangs of 40-50 youths in North Edinburgh are causing chaos; police are retreating and social workers are toiling and you are proposing to shut resources that helped to solve that.</p>	<p><i>Andy Jeffries:</i> The main point of the proposed closure is about the educational needs of young people. The evidence for the proposal is presented quite clearly in the consultation report; outcomes are better if supported in mainstream.</p> <p>The issues in North Edinburgh are not linked to Panmure St Ann's School.</p>
<p>It is not just about education; SEBN difficulties need addressed</p>	<p><i>Andy:</i> It is seen as part of Curriculum for Excellence to meet these needs.</p>
<p>..... I am an ex-pupil from Panmure. Why is it even been considered closing Panmure? The school picked me up and made me the person I am today. Children need this (school). I am 22 years old; without Panmure I would have no</p>	<p><i>Tom:</i> Points very well made.</p> <p>It is about maintenance of quality/ transition. How can we reassure the audience about maintaining the quality of special education?</p>

<p>no mortgage, qualifications; career.</p> <p>Go in and see how they work; it's like a family; you can't buy it.</p> <p>You are taking away young people's futures if it closes; taking away the teaching skills. I am a success story for the school; I am a chef with hundreds of qualifications. Think about Child A's future.</p>	
<p>Needs to be assured (on that) by Martin Vallely.</p>	<p><i>Martin:</i> Clearly there are great successes at Panmure and no one is diminishing that.</p> <p>We want to take their learning (from the school) and make it accessible locally at the time young people need it and so do not have to wait for the 8 months we were hearing about earlier tonight.</p> <p>We recognise the importance of relationships/support working with the school on how to make it available at the right time.</p>
<p>No Panmure St Ann's employee is restricted in what they can say...../no repercussions?</p>	<p><i>Andy:</i> Say what you think. However, if about individual employment then take it (to be discussed) away from the meeting</p> <p>Andy introduced Alistair Gaw, Interim Executive Director of Communities and Families</p> <p><i>Alistair:</i> Employees are bound by the Council's Code of Conduct; it is about behaviour not the reach of the questions.</p>
<p>There are a lot of statistics (in the consultation document) about referrals, money, costs, less people at PSA.</p> <p>I think all of stats are directly engineered by the department; I worked at Panmure St Ann's School before. The drop in referrals is due to the restrictions placed on referrals. Panmure used to provide a service (before it was made into a school). It has only been a school a short time.</p> <p>Self-engineering (by the Council) of stats is very interesting. Numbers are Dept. I worked at PSA</p>	<p><i>Martin:</i> I don't have that information to hand.</p>

<p>before. Drop in referrals. Used to provide as a service</p> <p>Numbers of young people, the SEBN population is growing; receiving education in mainstream – how many?</p>	
<p>How many of these are on part-time timetables?</p> <p>What is their attendance rate?</p> <p>In secondary mainstream there is a need for really specialised services which are not going to be satisfied by part-time timetables with (additional) services from Spartans, Barnardo's etc.</p> <p>Panmure had a school roll of 48 to 54 and waiting lists for places.</p> <p>What are we doing for ASL? Not meeting needs of children with SEBN – I know (that) for a fact.</p> <p>I think the question needs to be answered before any decision on the Panmure St Ann's service. It provided a much (more) specialised service and became less specialised when it became a school.</p> <p>We must not let Child A and his family down; they need more investment in them; not farmed out to external agencies we have to pay for.</p> <p>The Panmure philosophy was based on inclusion, relationships with young people and family. And working on their SEBN needs; building relationships. We have not been able to do this since Panmure became a school.</p> <p>I want to see the statistics – for young people with severe SEBN.</p>	<p><i>Martin:</i> That information cannot be given right now; it will be gathered and included in the report to Council (in May 17).</p> <p>In the consultation document there are comparisons between Panmure attendance and outcomes and those of Craigroyston Community High school. Taking into account the social background similarities these are far better at Craigroyston.</p> <p><i>Tom:</i> The Council's website provides detail of how to write in with specific questions.</p>
<p>In 2013 Panmure became a school. (The consultation document refers to) inappropriate building etc. Why it was not decided then that it deserved the full facilities that every child in mainstream had?</p>	<p>I was not in the same position then as I am now.</p> <p>The 2013 decision to make Panmure a school I understand is that when it was recognised it was functioning as school and been treated then – a 'no mans land'. As such it was not made into a school; it was done to protect learners in getting a full time education.</p>

<p>27.5 hrs a week is Ok for mainstream but not Ok for Panmure; not enough.</p> <p>There are 100s of pupils all over secondary getting part-time education.</p>	
<p>This is a political question so for Cammy Day</p> <p>I understand the drive for inclusion where possible but for many young people with multiple deprivations cannot manage mainstream school education.</p> <p>If when (Panmure) shuts what is the political drive to help young people with more support?</p> <p>Surely (there is a) need for schools like Panmure St Ann's?</p> <p>For their self esteem - for young people unable to manage mainstream – need intensive package (of support) and that progress (we) should be measuring.</p>	<p><i>Cammy Day:</i> I am here as Convenor (of the Council's Education, Children and Families Committee) not as a political appointment.</p> <p>Our job is to consider professional opinions and take on board deputations in public meetings so we can make a balanced view. Any decision will be taken in the best interests of young people.</p> <p>I agree with the GIRFEC model. Craigroyston Community High School is not going to stop young people having to go to Panmure or Gorgie Mills School. There are models in the city which are working; I am going to talk to Craigroyston, young people and their families.</p> <p>At the end of it all it will be a balanced decision.</p>
<p>How is inclusion defined up area of multiple deprivations; born with limited resources?</p> <p>What are they eligible to if close Panmure?</p> <p>What about GIRFEC?</p> <p>The inclusion model is a poor model if mainstream is the only solution to raise attainment.</p> <p>...Yes, base (provision) on young people needs. Mainstream is not the only provision</p> <p>It is easy (for the Council) to skew figures. Hard facts; numbers – Martin Vallely could not provide.</p>	<p><i>Cammy:</i> Martin will provide the information requested.</p> <p>The public are entitled to give opinions before the Council take as decision.</p>
<p>(The Council has) a flawed argument</p> <p>Panmure St Ann's as the support service that it was previously before it became a school was world renowned; educators from Indonesia came to see how it operated. At that time there was consultation to turn it into a school but that was stopped for the very same reason why mainstream schooling (for SEBN) is not</p>	

<p>working. We were proved right and the Council was proved wrong.</p>	
<p>Appendix 1 of the consultation document refers to Bernard's; Children First, Paws for Progress – need to have good evidence basis (for the Council using these services). They are not under the jurisdiction of Education Scotland.</p> <p>How rigorous are PVG checks etc. on their staff? 'Appear' is not enough (evidence).</p> <p>We are not being given hard facts just generalisations without SEBN being addressed in terms of getting their full capacity under C for E.</p> <p>Decision (to close Panmure) is purely a financial consideration (by the Council).</p>	<p><i>Martin:</i> The external agency contracts have to meet the needs required and we are working in partnership with schools to provide personalised flexible frameworks within which schools can access a range of supports.</p> <p>The vast majority of needs are met within mainstream schooling and we are still providing a special school environment (where required to meet a child's needs).</p> <p>If the organisation is working in conjunction with schools then the inspection process looks at the partnership the school is working with (as part of the overall inspection process).</p> <p><i>Maria Lloyd:</i> Education Scotland does not evaluate partnerships; to make an effective timetable we have to look at other providers and the totality of educational provision (in order to meet needs)</p>
<p>The school roll at Panmure St Ann's has been decimated in the last year or two whilst Gorgie Mills Special School roll has almost stood still.</p>	<p><i>Martin:</i> We will give full explanation in the consultation outcome report (to committee in May 17.) In broad terms provision is about making sure there is a viable alternative in mainstream to that provided by Panmure St Ann's.</p> <p>Gorgie Mills is able to provide a more rounded school experience in its own right (for secondary learners with SEBN).</p> <p><i>Maria:</i> A central service decides – with head teachers and Educational Psychologists, making decisions (in the best interests of the young person) where young people go, not me or Martin.</p>
<p>Yesterday referrals; then next 2 years none?</p>	<p><i>Maria:</i> There are other central (decision making) groups (for special schools referrals for different children's needs such as) autism.</p> <p>Gorgie Mills' school roll is fairly static but the</p>

	<p>school does provide for S1-S6. In the last few years Panmure St Ann's in reality has S3 school leavers.</p>
<p>A lot of (my) colleagues work in Communities and Families and they have been told do not refer to CMRG for Panmure St Ann's School places as it is closing. Educational Welfare Officers are referring to CMRG for mental health services – told by CMRG not available.</p> <p>Where is the help and support? When it all does not work -sit at home for 8 months with no (school) provision.</p>	<p><i>Martin:</i> The length of time out of school is not acceptable; we are learning how to get a clearer picture so that there are not these delays.</p>
<p>Professionals are being told don't refer as Panmure St Ann's closing; young people are sitting at home.</p>	<p><i>Andy Jeffries:</i> No instructions have been issued (to team managers) not to refer (for places at) Panmure St Ann's. However local managers may have made their own assumptions about outcome of consultation and relayed their views to practitioners.</p>
<p>(To Cammy Day) as a former member of Panmure staff and as Cammy Day's area is North Edinburgh, young people there are disaffected (and this has affected their) ability to access education.</p> <p>Craigroyston Community High school has some good cases but it is not a panacea for what is going on in North Edinburgh.</p> <p>(To Child B and Child A) give me one important thing about Panmure St Ann's.</p> <p>....Family; one to one's; shared load and care.</p> <p>...Made a future.</p> <p>How important to have consistency?</p> <p>...I grew every day.</p> <p>What makes Panmure special to you as opposed to mainstream or Gorgie Mills?</p> <p>I started (as a pupil) at Panmure 18 months ago - got care and support not like in any other school. Got me into college and work experience. Compassion is shared. (They) did not give up on you.</p>	

<p>That's what you (the Council) have to take on in taking away Panmure; work in a holistic way- education; relationship issues; SEBN needs; need to invest in these young people and their families.</p>	
<p>(To Child B and Child A) did you feel threatened or safe at Panmure?Safe.</p>	
<p>Look at provision for young people with SEBN and how (needs) are met by mainstream.</p> <p>My role was a group worker at Panmure; my experience of group work is conversations; how you feel; what choices you have and living experience. The best results are when they (pupils) could learn from one another in a small group environment, a nurturing environment in a place that they feel safe and has trust.</p> <p>I can't see how young people with (SEBN) can receive such one to one support in a mainstream school base.</p> <p>How can you teach them to speak to their peers without assaulting them; I don't feel a lot are able to speak for themselves in classes of 30; they won't manage as well.</p>	<p><i>Martin:</i> Work is in progress on how to integrate young people with SEBN in schools and providing training to staff etc.</p> <p>The group worker aspect – smaller groups - if already in mainstream they will have built up friendships. We need to build up e.g. Peer programmes and work with other organisations so young people can interact with others besides teachers; this (approach) is part of GIRFEC, looking at key adult provision.</p> <p>Trying to gather good practice and share learning in all areas of additional needs and change/improve all the time.</p> <p>(The aim is to) take good practice and use it.</p>
<p>In Martin's presentation reference was made to £200,000 (re-investment in SEBN services). When Wellington closed it was £500,000 over 23 secondary schools. That lasted for a year.</p> <p>Last year's budget – withdrawal was proposed but after consultation that was stopped. Can you give a guarantee that the £220,000 will be annual funding?</p>	<p><i>Andy Jeffries:</i> It would be foolish to say so; we live in a democracy subject to a political process. There will be a new Council in May for this coming financial year and beyond.</p> <p>It is strategically clear that we do and need to invest and the £200,000 is part of that.</p> <p><i>Maria:</i> Also schools will hold us accountable; any budget under proposal to stop – people can feed back (on proposals).</p> <p><i>Tom:</i> How many of the audience here tonight work at Panmure or did so in the past? (Majority show of hands). That's interesting; not a typical make up of a public (consultation) meeting.</p>

<p>If you compared Panmure to Oaklands special school – would you close Oaklands?</p>	<p><i>Martin:</i> It depends on the reason; we have just been through consultation on the future of Oaklands and agreed a way forward with parents and (associated) changes to Braidburn School.</p> <p>We have to keep looking at our special schools to meet the needs of changing child populations.</p>
<p>Can you compare a child in a wheelchair to me or Child B? There should not be any difference. ...child is unclear to me or Child B – should not be different.</p>	<p><i>Martin</i> We do ask the same questions for other groups of children with additional needs in terms of providing support in mainstream for a range of additional support needs.</p>
<p>What is the figure for the cost per young person at Panmure and how is it calculated?</p>	<p><i>Martin:</i> It is costed by our Finance department and we can provide the working behind it in the report.</p>
<p>Six young people with a full staff (how many) at Panmure?</p>	<p><i>Martin:</i> Staffing is based on reduced numbers given the fall in the school roll (4 young people) : 1.4 (FTE) teacher; Acting Head Teacher; Acting Depute Head Teacher Staffing levels are worked out in line with the Council's Devolved School Management formula.</p>
<p>Not real (figures).</p>	<p><i>Martin:</i> The real figure is in terms of how much (a placement at Panmure) costs (takes account of the numbers on the school roll)</p>
<p>The school is being dissolved drip by drip.</p>	<p><i>Martin:</i> The building and operational costs take up most of the money.</p>
<p>It is a privilege to Child B; several mainstream placements have not worked out.</p> <p>I am still passionate about Panmure.</p>	
<p>It offers a nurturing environment; no mainstream school (in my opinion) can provide this in the same way.</p> <p>I like to think of a football analogy – a Celtic fan going to a Rangers game. Rangers have the best facilities in the world. A ticket is left at the Celtic (fans) end but this is not in the right place. If mainstream is not for you there needs to be something else in place although I am not</p>	

saying it has to be Panmure.	
Any future plan needs to involve parents and pupils in terms of what it looks like; what locality working needs to look like.	
<p>... (I am making) a statement - can't fail to be impressed by staff enthusiasm and the young people.</p> <p>Going forward – need to think about their needs.</p> <p>When it comes to making savings look for something more than (just) functional for them ...passion of staff - they know how it worked.</p> <p>(Comment to Cammy Day) ... think really carefully about the decision (to close Panmure).</p>	
<p>Martin is in denial; any assessment provided that does not meet the outcome desired is not worth its salt.</p> <p>I will cover with (my own) money of anyone here who will bet on Panmure being left open.</p>	<p><i>Martin:</i> What we have discussed today has reflected very similar points that parents and staff (have made) and it not lost on me.</p> <p>If the decision goes ahead these are precious things to hold onto in other ways – support; relationships which have to be there if we cannot deliver these at Panmure we need to deliver these somewhere else.</p> <p><i>Tom:</i> Quite a number of elected member reports (submitted by Council officers for approval) are not accepted; any decision made will be fully informed (by the views of all interested parties).</p>
<p>I am the last (full-time) teacher at Panmure and I have been at Panmure for a very long time. When we were first told it was closing we did a survey of staff and 80% wanted it returned to a school support service.(that it was previously before it became a school)</p> <p>The public consultation document made lots of points.</p> <p>(To Cammy Day) Is there any mileages in us meeting so was can have more time to go through the document. The document does not (in my opinion) bear (evidence of) proper scrutiny.</p>	<p><i>Cammy Day:</i> I will meet with parents and young people at Panmure.</p> <p>We need to be careful on the role of staff; I am not averse to meeting with staff without making any promise to change things.</p>
The right decision is to keep the school open; if it closes it is closing everyone's future.	<p><i>Cammy Day:</i> I appreciate (the views) of who is here tonight. I would not waste my time coming here if a</p>

	<p>proper decision is not made.</p> <p>We need to provide the best for young people and what is the best we (councillors) will need to be persuaded of in May whether it is to be Panmure or Craigoyston Community High School or other provision in the city.</p> <p>My job is to persuade Labour and the SNP and the opposition that the question is fully answered in the (May) report. I would encourage you to feed your own questions in and to make deputation at the May meeting.</p> <p>If there is a genuine case for young people (one way or the other) then that is what we should be doing.</p>
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Panmure St Ann's Proposed Closure – Public Consultation Arrangements and Responses

1. Consultation arrangements summary during statutory consultation period 6 – 27 Feb 2017

- 1.1 Panmure St Ann's Special School
- 1.2 Other Council Stakeholders
- 1.3 Gorgie Mills Special School (in capacity as affected school)
- 1.4 External Stakeholders

2. Consultation recorded outcomes

- 2.1 Panmure St Ann's pupil consultation - 17 January 2017: venue – Panmure St Ann's School
- 2.2 Panmure St Ann's parent/carer consultation - 25 January 2017: venue – Panmure St Ann's School
- 2.3 Panmure St Ann's School Staff consultation - 1 February 2017: venue – Panmure St Ann's School
- 2.4 Gorgie Mills School pupil consultation - 8 February 2017: venue - Gorgie Mills School
- 2.5 Gorgie Mills School staff consultation - 30/01/17; venue - Gorgie Mills School
- 2.6 Panmure St Ann's consultation email address – response

3. Panmure St. Ann's Special School Closure Proposal – Online Council Survey

1. Consultation arrangements during statutory consultation period 6 – 27 Feb 2017

1.1 Panmure St Ann's Special School

Consultees	Consultation Activity	Consultation Outcome
Current pupils	17 Jan 2017: consultation group discussion with 3 pupils lead by the Principal Officer, Engagement and Consultation, Communities and Families	See minutes of meeting in Appendix 4
Current school staff	1 Feb 2017: Consultation briefing with Panmure school staff	See minutes of meeting in Appendix 4
Parent/carers	25 Jan 17: Panmure School consultation briefing/meeting with parents/carers.	See minutes of meeting in Appendix 4
Trade Unions	Ongoing briefings /liaison with teaching and support staff trade unions regarding Council's proposal to close Panmure St Ann's	

1.2 Other Council Stakeholders

Consultees	Consultation activity	Consultation outcome
Other special school head teachers; special class head	6/10 Jan 17: Email to all special school /special class head teachers and ASL Service advising Panmure consultation proposals and link to consultation papers	No feedback received during consultation period

	<p>Full set of consultation documents displayed on public notice board in Scottish Collection and the Reference Library within Central Library, Edinburgh during the public consultation period</p> <p>10 -27 Feb17: Panmure St Ann's School consultation email address provided for general public comment/feedback:</p> <p>10 Jan-27 Feb 17: Paper copies of consultation document made available for telephone requests via Children's Services Business Support, Waverly Court</p>	<p>One email received 5 Feb 2017 – forwarded to senior management</p> <p>No paper copies of consultation documents requested by telephone</p>
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2. Consultation recorded outcomes

- 2.1 Panmure St. Ann's pupil consultation - 17 January 2017: venue – Panmure St Ann's School
- 2.2 Panmure St. Ann's parent/carer consultation - 25 January 2017: venue – Panmure St Ann's
- 2.3 Panmure St Ann's School Staff consultation - 1 February 2017: venue – Panmure St Ann's
- 2.4 Gorgie Mills pupil consultation - 8 February 2017: venue - Gorgie Mills School
- 2.5 Gorgie Mills school staff consultation - 30/01/17; venue - Gorgie Mills School
- 2.6 Panmure St Ann's consultation email address – response

2.1 Panmure St. Ann's pupil consultation in the school 17 January 2017: venue – Panmure St Ann's School

Session facilitated by David Maguire, Principal Officer, Engagement & Involvement, Communities and Families

Participants: 3 Panmure St Ann's current pupils

We decided to meet as a group as opposed to individually – everyone was OK with that.

Introductions and explanation of purpose and nature of discussion (no 'right/wrong' answers; anonymity/confidentiality; taking notes and why; your questions/thoughts)

What are the best things about Panmure? (maybe 'What are the two best things about Panmure?')

- *It's chilled/comfortable*
- *Feel at home here*
- *The teachers and other staff are better – they are easier to get on with than at other schools*
- *It's not a skive but it is more relaxed*

- *Opportunities to do things you haven't done before (like driving a speedboat under the Forth Bridge, go-karting)*
- *The food is better than elsewhere*
- *There's smaller classes which can be good*
- *Staff will organise for you to do things you want to do at other schools if you can't do it here*
- *It's better than other schools they've been at*
- *'Panmure is our second chance'*

And is there anything that isn't so good? (maybe two things as above)

- *For one pupil it takes 45 minutes to get to and from the school, the other two are much closer*
- *Having to go elsewhere for some subjects – good that staff organise it but it can take a while to get there and back*
- *There's no gym here and a lack of facilities*

(possible prompts - what do you think about: staff, support, learning/development, building, location/travel time, other pupils, number of other pupils, subjects available, other schools you might go to instead?)

How much do you know about the proposal to close Panmure?

- *One pupil hadn't been in that much recently so didn't know that much about the specifics of when the consultation takes place etc. but all are well aware of the closure proposal*
- *One pupil said the Council wants to buildings for its staff or to sell so we have to move*
- *The pupils felt that the decision to close Panmure had already been taken and these sorts of conversations with pupils and consultations with parents should have happened a long time ago – it doesn't seem right to do it now when the place already feels like it's already winding/closing down – staff are going, even furniture is going.*

(possible prompts: How were you told about it? Is there anything more that you need to know?)

Do you know how it might affect you personally? (Do you know what will be happening next for you – leaving school, going to a different school etc.?)

- *Pupils know that they're either going to college or to different schools – they will all be in different places.*

What do you think about the idea of closing Panmure? (Do you agree/disagree with it? Are you unsure about it?)

- *Is there anything that concerns or worries you about it?*
- *Is there anything that you think might be better for you if it closes?*
- *All three were against the idea – if not for themselves, then for future pupils - they feel that they've been lucky to have Panmure and that others could have a similar experience in future*
- *One did say that there would be more subjects in his new school; he's been there and knows some of the pupils there so isn't worried about going*

Is there anything else you'd like to say about Panmure or about the proposal to close it?

- *Nothing – all already covered.*

2.2 Consultation meeting with Parents and Carers - 25 January 2017: venue – Panmure St Ann's School

Present: 5 parents/carers; Martin Vallely, Senior Manager, ASL Service and Special Schools; Mandy Shiel, Acting Head Teacher, Panmure St Ann's School

Parent –We want to hear the truth –Not propaganda
MV- Referrals have been falling for Panmure

Parent –That's because it's difficult to get your young person in here, my child was out of school for over a year before getting a place here. The Ed Psych at Tynecastle backed us up saying our child could not cope in a mainstream environment.

MV – It's not acceptable for any child to be out of school for that long. We don't have the numbers coming to CMRG for Panmure

Parent –But there are still children who need it

Parent –Schools are toiling for facilities for excluded children

MV –No exclusions have gone down significantly – I do agree it is not acceptable for children to be out of school for long periods of time

Parent –My child was

Parent –You are forcing the issuing by closing it down before consultation

Parent –You are trying to keep kids in mainstream due to cost

MV-No exclusion rates have gone down along with referrals to Panmure

Parent -Disruptive children in mainstream school affects other kids taking the education away from that class, Panmure is designed to help those disruptive children to learn, helps to educate them and educate others

MV -Don't want to take away anything that's needed

Parent –this intensive support is needed as it has experienced staff –just selling Panmure as it is in a prime location –it is a valuable property and you can sell it as somethings else

MV-Not a Prime location

Parent –You close this place down what is there for our children?

Parent –Taking it away from personalities and facilities what about the other young people who need this place, closing here will disrupt the education of 100's of other young people

MV- This facility is no longer required, no longer provides good quality education

Parent -There are lots of kids who need a Special Ed provision

Parent –Mainstream school can't cope with kids disrupting classes in one school I know kids who disrupt a class get sent out to sit in a chair in the corridor-when this happens it's difficult to catch up with the work they've missed, lots of different subjects is difficult for them.

Parent –Mainstream employ teachers to educate children what Panmure does is re-educate them and help with social skills as well as academic.

Parent –What's currently left at Panmure?...so many staff have left due to the proposed closure staff who have lots of great skills, staff who are a Jack of all trades

Parent –Teachers in mainstream can't cope. How can a child cope who has a disability in mainstream for example a child with MS

Parent –Being disruptive is a form of disability-they can't cope with everyday things

MV –We do manage disability in mainstream –mainstream make adaptations to suit the needs

Parent –the adaptations mainstream does make, singles the young person out –other kids asking how come he/she gets that and I don't.

MV –We are supporting mainstream schools to offer a range of opportunities for all young people

Parent – That's exactly what Panmure offer-opportunities we can give 2 examples where mainstream schools are not providing the best opportunities for young people. My grandson is not even allowed to go to tutor group because he has to follow a process that is taking forever.

MV-I will contact the schools you are talking about to get increased support

Parent-My grandson had just finished his PE in the mainstream school and was chatting with his friends when he was asked where Gary was –he replied saying outside and the member of staff said well you better get to him then.

MV –We need to have a conversation about moving this on

Parent –Our son is experienced high in mainstream. He is lucky now as he has a college place but when I asked him if he was happy to be leaving Panmure he replied "Not really I am actually going to miss it" He is adamant he is not going to Gorgie Mills he feels there are too many drug situations there. Panmure have helped him with work experience opportunities –he is great when working with older people. Panmure have supported him to always have something in place. He has just started college and I hope he will be successful there.

Parent –Your son has been successful at Panmure because it's not like a school environment.

Parent –All our son's successes are because of Panmure.

Parent –Not everyone is academic – Panmure prepares them for fitting into society

Parent –It may not be a top class education place but it is better than no education that they would be getting if they were in mainstream education.

MV –Research says that outcomes are better for those who stay in mainstream

Parent –Mainstream school, private education, 1:1 tutor etc education wise is the way to go but if mainstream isn't working or the young person feels alienated it doesn't matter what you do it won't and can't change how the young person feels. If you have a dragon as a teacher you won't be educated [parent explained own school situation with a teacher and how he missed out on an English qualification due to this]

MV-Mainstream schools are changing

Parent –It doesn't matter how you change the school if someone can't cope they can't cope

Parent –I attended a Special ed school in Lancashire even that didn't work for me –some people just can't cope with a school environment –just get picked on and singled out. I have made my mind up this meeting is a waste of time

MV -Council made the proposal.

Parent –Okay but you have manipulated it to be closed down by running it down, no staff, no kids

MV –The council make the final decision

Parent –It's going, it's all about telling lies, slowly taken away kids and staff, all great teachers who have brought my son on leaps and bounds but because of the closure they have had to find other jobs. This has disrupted my son's education 100%. He has come on better with his learning in how to cope with other people, situations and life. This whole thing is about sod the kids, sod everyone. MV will get a bonus for saving the council money meanwhile our kids and staff have had to leave here. They are running the place down so it's not viable

MV –We want to get things right for all kids in mainstream

Parent –If you want to do that you need get Social workers, support workers and experienced teachers. All teachers in mainstream want is a class of 30 kids who want to learn they are not interested in the others. It is frustrating not to be able to educate a child I get that if they do place more focus on the child who doesn't want to learn what happens to the other 29 in the class

MV –Where a teacher can't meet the needs the can be supported through support for learning

Parent –Yeh or get sent to Base for 3 days

Parent –You ask any mainstream teacher in secondary what their main problem is and they will say disruptive kids –what can you do about them they will say nothing

Parent –Yeh that's when they are told just to sit outside the door for the rest of the time

MV -I would expect some proportionate responses to disruptive behaviour. Schools do have systems in place to deal with this

Parent – How long should something go on for? I have a grandson at Craigmount and he was stuck outside a class

MV –Systems in school look at why the child is being disruptive –the guidance teacher normally finds out why.

Parent –Some Guidance staff do this –they can support 1 or 2 properly but there are so many children in mainstream it's hard to support them all.

Parent –Mainstream does not work for all kids –invest money in this system [Panmure], this system re-educates to be able to cope with life, they can't cope in mainstream it doesn't matter what you do in mainstream –some children can't cope

MV -Need to provide a response to individuals who need a different environment but they don't need to leave the provision as this won't give them the appropriate valuable education

Parent –This is the biggest load of xxxx [excuse my language] –We need to do this, that and the other –clearly what is in place is here at Panmure at the moment for those children not coping in mainstream

MV – I understand that is what you feel

Parent -In mainstream it doesn't work –you want to shut down something that does work for something that doesn't work or needs improved

Parent –This school works

Parent –Even using Panmure as a respite.

Parent -The council manipulates numbers of kids have –telling mainstream to keep them in

Parent –It was the same as Drumbrae not enough kids –now a nursing home –now got to build extensions onto other schools and there are increasing numbers of children in Edinburgh therefore an increase in children requiring support.

Parent - I know there are kids in mainstream sitting quietly struggling or not attending because of anxiety. I could come back with 20-30 kids that would benefit from these facilities instead of being kept in mainstream in an environment where they don't feel comfortable and will never feel comfortable

MV –We are seeing fewer referrals in Primary and S1

Parent –Still have the same numbers in school being bullied this is all just down to costs

Parent – Panmure offers structure and social acceptance they can cope in this environment where it falls down is in mainstream, it's like when someone comes out of prison and they are trying to get a job but no-one wants to employ them –why not they have done their time –paid their consequence. Because our kids have been here they are more able to cope in mainstream.

Parent -This is an education facility that mainstream can't provide however mainstream don't want our kids. My son is having to be escorted back and forward to class this is not ideal and is socially unacceptable

Parent –We were told this is a social and emotional school who could support concerns in this area I know there are kids out there who are cutting, crying who are not strong enough to speak out in mainstream –this provision would be great for them, even use Panmure as respite.

Parent –What about every child that has been through Panmure –what about their successes

Parent –The council aren't bothered they just want to manage their budget –they don't care

Parent –Our children are approaching the end of their school careers but by the time something is in place it will be too late

Parent –My grandson is not stupid

Parent –Neither is mine

MV –Both your sons have the right to stay onto mainstream

Parent –What if that doesn't work –there is Gorgie Mills

Parent –It's all bloody nutters in there who teachers spend their time chasing them around

Parent –I heard there was a boy with a knife at Gorgie, my son said they all smoke dope outside the school

Parent –This is not something we want our children to do

MV –I would expect the school to be doing something about this

Parent –My son was told by Castlebrae that he couldn't go back and as a teacher it was one of the worst experiences they had ever had having him in school. He was only running about the corridors with his friends. My son will not go back to a mainstream school.

MV –We are trying to make the right plans for the future

Parent –I bet your kids don't have special needs –you don't know what this school does for our kids

MV –We want to get it right for the kids

Parent –You need to invest money in this place or another building

Parent –I believe you can't sell this building as its been donated

MV –I am not sure what the plans are

Parent -You should know –you are closing the facility down –you surely know what you are going to use the money for?

MV –We are effectively tenants its part of the whole council estate we will be looking at the best use of the property. I would be wasting my time looking into that-that is the estate management job

Parent –You are responsible for school education for children who have ASN –you are just shifting the problem to other services in other places –looking at mainstream that doesn't work at Panmure they are all the same community they don't stick out like a sore thumb like they do in mainstream

Parent –My son is being singled out in mainstream by being escorted to class he may as well be in handcuffs! This is all about money –Trams, Edinburgh wanting tourists, my food bin not

being collected, tattoo etc where does all this money go to –we don't see it –council couldn't run a piss up in a brewery

MV –We have built new schools

Parent –Where?

MV –Gracemount/Craigmount

Parent –Half the school was sold off to a private housing development –Craigmount was built in its old playing fields!

MV –The council has modified schools too

Parent –Forrester building houses there –houses people can't afford

Parent –they can build on green spaces when it suits them

Parent –And here we are they are closing down a good school

MV –This school is no longer needed we don't need to keep it open if it is no longer needed we have Gorgie Mills

Parent –Gorgie Mills is like a borstal my son will not go to it.

Parent –Mandy has knocked her pan in to support these children into a mainstream setting but it's not the same –yes in an ideal world but they don't have the facilities to support our children

MV –What are the right facilities?

Parent –Get teachers trained properly to stop children feeling victimised at Tynecastle we were judged before we even went into the school, he's like that because his parent's are like that, they have no clue how to deal with our children we used to get calls every day saying he was crying in the toilets or he had run out of school

MV –I understand

Parent – It is impossible for mainstreams to manage the support we have had from Panmure, Panmure has been great we can talk to them –get advice –look at solutions-my son has advanced massively since being here and we are trying our best at home

Parent –This is all a cost cutting exercise –previous years they had to save 47 million –they cut school milk, public libraries etc

Parent –Yeh but they managed to build themselves a beautiful new office building –what cuts what sacrifices have the council made, it doesn't matter about kids or parents –Our roads are like Beirut –smaller countries have better roads than ours -20 mile an hour speed limit –all to make money –Speed cameras etc

Parent –Going back to Panmure all the staff are amazing here and most have left, my sons whole routine has gone he is back to where he was 18months ago –here being taken away is all about saving money

Parent –you shouldn't be saving money you should be giving parents and kids hope -18 months ago he had no hope coming here gave us hope –he now attends college –work experience-gets up early comes into school on the bus –he is getting a good education

MV -We are looking at the money that costs to run this building and putting it into direct support for the child.

Parent –But mainstream cannot provide what Panmure does!

MV –It can provide more opportunities like ...”My Adventure”

Parent –Where is that happening? We were told that we don’t have facilities to educate a child like (pupil), this was from Primary onwards. A teacher can teach a child who wants to be taught but can’t teach a child in an environment where they don’t feel comfortable.

MV –A programme of support in mainstream was started in primary schools 5 years ago.

Parent –Well (pupil) and (pupil) would have been in Primary then –the only proper educational support (pupil) got was from here! The Edinburgh education department is not fit for purpose. Its not supporting the young people who struggle in mainstream education –you are not doing your job –you should resign.

MV –I know that mainstream education needs to get better and we need to take learning from Panmure into mainstream.

Parent -Schools are all working differently some chuck the kids out of class to sit in a corridor –some are doing very little to support the child –I know from current experience –Being kicked out of class is no form of education

MV - I do agree there are some children who won’t cope with a full day in school and we need to provide them with something

Parent –You have that here!

Parent –Panmure does offer kids a range of opportunities eg Bike maintenance etc

Parent –This is a safe place for them, they don’t feel safe in mainstream

Parent –I agree mainstream does not work –why are you taking this away! Imagine if you were a Celtic fan going to a Rangers game and it has the best facility toilet, police, food etc. but there is only one seat left and it is at the Rangers end –how would that make you feel throughout the game?!! – that’s how our children feel in mainstream .

Parent –You have good dedicated staff and workers here who have been manipulated –I am going to write to the papers-you are ruining our children’s education all to save money –Do you feel proud? My son was never accepted at Tynecastle – they treated him like a piece of shit –all the mainstream schools he has attended have –look at the one now he has to be chaperoned around –he doesn’t like that! –he feels safe, secure and wanted in Panmure
MV-Is there anything I can do to support (pupil)?

Parent –Is there a viable future for here given that it looks like you have made your mind up already?

MV-Your views have been noted and there is a public meeting on 6th of Feb –you will get a chance to speak to Education Scotland individually at the beginning of March. The council will make a decision about the closure.

2.3 Panmure St Ann's School staff consultation - 1 February 2017: venue – Panmure St Ann's School

Present: Martin Vallely (MV); Council Human Resources representatives x2 (HR); Mandy Shiel (Acting Head Teacher); 5 members of current school staff (STAFF)

MV –This meeting of part of the formal consultation procedure; there is a public consultation on 6/12/17 at 6pm at Waverley Court, this has been advertised on the council website, in the local newspaper and it has been networked through school and community councils.

Over the last 5 years we have been trying to bring about a new approach to support SEBN children in mainstream schools through the support of Barnardos, ASL Services etc, working in partnership looking at factors which require special support in mainstream schools-I acknowledge there will be some children who will be exceptions to this kind of support and will require something else.

We are keen to maintain opportunities in mainstream and research has shown that young people have better outcomes in mainstream. I also understand that some children do still require a special school place.

At Rowanfield the roll has reduced from 56 -30 children who require a special school provision this is due to the work currently going on in the Primary sector. We are now seeing a knock on effect of this in secondary schools with fewer children in S1 requiring an SEBN provision. Also early support being identified and put in place in secondary is reducing the demand for SEBN provision.

There are of course budget pressures too we need to look at services that meet current and future demands –we need to look at the correct provision and work within the resources the council already has. The Panmure closure will help the savings required to be made.

We believe this can be done by meeting the young peoples' needs at Gorgie Mills and in mainstream. Going forward we only need 1 SEBN school.

Gorgie Mills is a purpose built property with a wider range of facilities and that is why the proposal is to close Panmure at this time.

There is a small number of learners left in Panmure and staff are actively looking at supporting those learners in alternative provisions.

The feedback from Parents/Carers and Children placed a great deal of value on Panmure staff and the work that they do here.

It's the bigger strategic and financial changes which leads us to where we are today.

STAFF – Glad you brought up the financial situation; this is very honest of you instead of trying to justify the closure for another reason. The proposal to close the school is deeply flawed, there are so many arguments against what has been written. The consultation still has a while to run; parents and kids are against the closure. When you question that there is a need for Panmure –there is a huge demand! Across the North and South of Edinburgh there are umpteen kids never at school-we know the reality from other staff who work in these

areas. We also have first hand experience of mainstream schools unwilling to accommodate our young people. In mainstream kids are put on a reduced timetable, this is not dealing with the SEBN nature of the young people – mainstream schools mask their Seemis statistics to make it look like the children are attending when they are not!

Teachers who have left here are telling us that there is a vast number of children in mainstream schools on reduced timetables. Mainstream schools are coming up with figures to mask how children are being taught in school.

This is a short term saving but in the long term it's not dealing with the SEBN. It can't be supporting the 4 capacities of the Curriculum for Excellence leaving children out there with families who are not stable, suffering domestic abuse or in jail. It will cost the tax payer more in the future. This is a short term experiment and cut! The system does not work for our kids.

Other councils seem to get it better and have provision to suit the needs of SEBN children. For example, there is Newlands College in Glasgow which sounds like it works very similarly to how Panmure used to work with referrals being made directly from the school.

The CMRG process has stopped referrals being made to Panmure even when the children, parents and professionals stated it was the best option for them. There are plenty of kids out there who need this provision.

STAFF – I agree with a lot that (staff) has just expressed. The CMRG clogged up the referral system. We used to have a waiting list for the leavers course when schools were able to self refer. This is also a lot to do with Finance when schools could refer directly to Panmure the young person would stay on their school roll and the school would still get the money for them, this was very convenient for the school as the young person was no longer troublesome on their premises but they still got the money for that child however with the new referral process the school would no longer get the income so they were loathed to refer kids.

On a slightly different view this building was never fit for purpose and was unlikely to be sustainable in the long term due to basic services, facilities the young people don't even have a playground or specific work rooms for practical skills –having to transport the young people to the appropriate facilities it is inevitable that the provision will be deemed to be inadequate. There will be a need for an organisation in the future to support young people who will NOT go to mainstream education due to its culture and the fact that it is a big institution. What do you do with the young person then?

You do need somewhere to serve these young people which is a radically different environment to allow them to still leave and move into employment. It needs to be an environment that is more suitable for fragile, troubled and problematic behaviour. We need a provision for young people who simply will not go to school even on a reduced timetable.

MV – I agree that we should make this available in localities looking at an inclusive provision. We need to consider what works, what are the gaps, how to strengthen opportunities for young people in the school environment. We also need to look at the obstacles in mainstream –look at the flexibility of the curriculum offered in mainstream.

STAFF – When Panmure was a school support centre it worked perfectly fine. The staff raised numerous concerns when it was to be turned into a school, lack of playground, supervision at breaks and lunch, timetable in the afternoon these concerns are now being used as part of the proposals for the closure-the exact same reasons staff gave when it was being turned into a school. We explained that the kids wouldn't come here all day but we were told to be creative for the rest of the day they were require to attend. To be told to be creative and design a curriculum is a scandal. The local authority now using the same reasons to close us down as they did to open us as a school is a scandal for both the staff and the students. The previous provision was valued across the city-people came here to see how things worked from all over Scotland and Europe. A team of people came from Estonia to look at our good practice. Then we were told we had to change. The local authority wanted to change a world renowned service. Since turning into a school, month after month the resource has become more shambolic due to resources not being good enough.

The local authority has taken a well run place and closed it down. Is this the shortest lived school in Scottish History? I realise that the reasons for doing so are financial.

STAFF- I hope that in 3/4/5years down the line the LA are not sitting looking into ideas to support young people not accessing mainstream education. This school has never been fit for purpose and why it was allowed to continue as a school –it must have been closed in record time!

STAFF – If this happened in mainstream it would be absolutely scandalous! All the concerns raised by staff previously have been thrown back in our face.

STAFF- I agree with At one time we had as many as 50 young people in the building who we had to try and timetable/entertain with no PE/HE/CDT, a lack of outdoor space. We were also told we were in the centre of Edinburgh and to be creative but to be fair we are not in the best part of Edinburgh which also brought its challenges. I have been involved in creating a timetable which to be fair with no facilities was like trying to fit a square peg into a round hole. We did try and use mainstream schools but they were not particularly helpful, there were lots of different issues. It is frustrating when the proposal to close us is all the reasons staff gave in the first place as to why it wouldn't work.

STAFF – (a member of staff) was told yesterday that the place was getting shut down a week on Friday [10/2/17] and that all of us would be going to the ASL services. It is an abhorrent way to treat staff; (Senior management) sat and spoke to 3 different members of staff that day and said something completely different to the 3rd –First 2 were told absolute rubbish – (Senior management) has known the long term plan all along!

MV – The school can't close until a decision has been made by the Council –we do have a duty of care to staff –options for the future have to run in parallel to some degree with what is happening at the moment. Staff need to be given time to make appropriate decisions.

STAFF – Just being given 10 days to make decisions is not acceptable

STAFF- We have just been told and entirely different process about what is going to happen – its beggar's belief being told you are to be out the building by next week –this leaves me with no trust in any management.

STAFF – So is not true that we won't be moving out next week?

MV – If the young people are moving on, we need to ensure the right support follows them. The school cannot close until the process is complete.

STAFF – So what you are saying is that we can be used as a virtual school?

MV – Any school where the numbers fall needs to look at its staffing its position.

STAFF – Our numbers were manufactured to fall as the referrals to us were stopped.

STAFF – We had our water coolers removed today!

HR – The decision for a closure of the school has not been made

STAFF –We were told to close our doors next Friday! The building will obviously still be here but we were told staff wouldn't be needed if no students were in the building

STAFF –We are human beings what happened here yesterday is beyond belief. What is HR's take on all of this?

HR –Martin can raise this with (his colleague). There maybe opportunities for a solution and a person may be able to move but I can't make assumptions about a conversation that took place that I wasn't a part of.

STAFF –WE were told to pack up study books, jotters etc ...my worry about this is what if the consultation process says NO Panmure is not closing?

STAFF –How much will this cost? Surely Senior Management and HR, their first duty of care is to their employees – The mental stress that staff have been put through –feeling like the local authority has been making this up as they go along!

STAFF –I am really concerned as I only work 2 days a week and it doesn't really feel that any process is being followed.

HR –I can see where the stress is coming from – a service being created into a school another decision which was made by the Council. It would have been easier to justify in different circumstances. There is an obligation from HR to work out options for all if it is to close. I think what is lacking is clear communication. I can hear concerns being raised by staff who have raised concerns before but not felt listened too.

STAFF –We know what the plans are for this building-we have seen architects and builders plans –with where things are going to go etc

MV –There are people who are interested in the use of this building. Things should not be being removed at this time and I will share that with others following this meeting.

We don't want a situation where we don't have learners and pretend nothing has changed. We need to take due care of the views of staff.

People make best decisions at the time and due to the circumstances.

This is an establishment with shortcomings we have to make the best use of the facilities. Gorgie Mills can offer more opportunities than Panmure. Equally the comments that have been made re part-time timetables is not acceptable when we are trying to nurture our young people who are finding mainstream a challenge.

We need to allow your input at the HT Inclusive practice group as we don't want to lose anything that has been learnt at Panmure. The probability against the decision to close Panmure being overturned is subject to scrutiny by HMIE and this may lead to other decisions being made.

STAFF – I really worry about the teenagers of today as CLD aren't working with them as much –they are roaming the streets and becoming feral. The benefits Panmure gave to the kids will be forgotten some CLD places don't want to work with really challenging kids and if we don't have Panmure it's going to be really difficult.

MV – We need to look at Hubs in localities –things that are available more locally alongside the schools –what curriculum can be accessed providing more flexible and suitable ways to support the young people. It is not that what happens here isn't valued, We need to look at how we make it more accessible.

STAFF –Worry for staff in the SEBN sector as the people who were involved with turning Panmure into a school, the people who pushed through the agenda are still in the department and we have to put our trust in the same staff to take their judgement which is severely flawed –going to struggle to get behind them changing the service again when they were told our reasons for not changing it initially and they are the ones who are using the same reasons to shut us! The consultation process to change from a service to a school was closed –with no explanation why?

MV – The reason the consultation was stopped was because in effect it was already a school and it just needed a more formal recognition that it was a school-we had to deal with the issue that although they were attending Panmure they were not attending their mainstream school.

STAFF –Panmure maybe considered to be a school “maybe” does not seem a relevant term to allow a consultation to stop. Can we see the documentation which explains this reason? In the current documentation for the proposal to close Panmure it mentions a piece of research which explains that outcomes are better for young people in mainstream –I have read that research and it does not bear any scrutiny however there is plenty peer research which explains the benefits of SEBN provisions and other local authorities seem to be buying into this –look at Glasgow and the establishment of their Newlands college. I still think it's very worrying that this whole process is being driven by people whose judgement is totally flawed.

MV – We have been looking at how best we manage special schools provision better in Edinburgh. We have recently had a consultation on a proposed merger for another 2 schools, we consulted with staff, parents and partners and the decision from this took a different course. There is a general commitment by the Council to make the best decisions for our children going forward. In relation to SEBN there are a group of Head Teachers from mainstream looking into best practice in supporting young people to stay in mainstream. This closure was based around financial decisions, made over a year ago. We cannot operate 2 SEBN schools which are not fully utilised. Panmure is severely compromised and I do believe that this is for the best but I also accept how painful this is for staff.

We need to take the learning from Panmure and invest it into future provisions. It must be deeply frustrating for staff to have been proved right over all their concerns and now be told that the service is due for closure.

STAFF – It was the Council that created a failing school they have manipulated the numbers of referrals from 50+ to 3!

STAFF– I know colleagues who have presented papers to the CMRG process making it very clear that Panmure was the right place for the young person but they were diverted back to the school or elsewhere –this has been happening for the past 2½ years. This has allowed the statistics to run in favour of the closure, reducing the kids and staff.

STAFF – Manipulated; Kids are being failed by the Council.

STAFF –What’s the point in having an open meeting with so few kids left –this closure has been manufactured.

MV-I am not involved in the CMRG –I do know that they look to see if all steps have been taken by mainstream to support the young person and if not they offer further support and advice; if an SEBN provision is required Gorgie Mills do have spaces.

STAFF- Referrals to Gorgie Mills should have reduced also?!

MV-They have had a reduced rate of referrals

STAFF – Children and Families should be framing support around GIRFEC is that not what should be driving decisions not the senior management at the Council and their needs! Students, families want to go to Panmure, it goes to CMRG and they say no, that is failing GIRFEC if everyone agrees at a planning meeting Panmure is the best option then it should go ahead. CMRG is being used as a political tool to make and support decisions higher up.

HR –I hope that you get a decision to confirm a date for the closure to prevent further stress for staff. If there is anything I can do to support everyone at this time, please get in contact with me.

MS – I think we should bring this meeting to a close now.

2.4 Gorgie Mills School pupil consultation – 8 February 2017: venue – Gorgie Mills

Session facilitated by David Maguire, Principal Officer, Engagement & Involvement, Communities and Families

Participants: 6 current Gorgie Mills pupils.

We decided to meet as a group as opposed to individually – everyone was OK with that.

Introductions and explanation of purpose and nature of discussion
(no ‘right/wrong’ answers; anonymity/confidentiality; taking notes and why; your questions/thoughts)

What are the best things about Gorgie Mills?

- *The staff*
- *The base – it's the calmest place in the school*
- *Good relationships with staff – they care about you, you can trust them, they look out for you, they support you and treat you well*
- *Learning – maths (not everyone agreed!)*
- *Activities such as football, bikes, horse-riding, beauty room and trips – e.g. to LaserQuest and to Aviemore for a residential*
- *'Staff suggested I change class when I wasn't getting on well in one class and they knew that I knew someone in another one and would get on better there – the move has worked really well and shows they care about us. My work's better because of the move'*

If you were to rate it out of 10 (where 10 is the best), what score would you give it?

Three 10s, one 9.5 and two 8s

And is there anything that isn't so good?

- *Sometimes some pupils' behaviour can be a problem – some graffiti, broken equipment*
- *Food not as good as it used to be*

If pupils were to come here from Panmure, how welcoming would they find it? (How welcoming did you find it when you first came here?)

- *Heard a lot of scary stuff before I came here – it has a bad reputation but as soon as I got here, I realised it wasn't like that at all*
- *The staff go out of their way to make you feel welcome*
- *One pupil had been at Panmure and Gorgie Mills and was able to compare the two schools– 'Gorgie Mills is better – there's more people, more to do, it's calmer, it's a better school'*

Do you have any concerns or worries about what might happen if Panmure closes? Do you think it would affect you?

- *No concerns or worries about Panmure pupils coming to Gorgie Mills and general feeling that they would be welcomed and would get on well*
- *Some concern that Gorgie Mills might be next to close – one pupil asked, 'are we next?'*

Would you go back to a mainstream school if you had the opportunity?

- *Wouldn't want to go back – 'I would be in trouble right away, there would be too many people and you would have to prove yourself and get into fights. Here you don't have to.'*
- *There's more support here – didn't get that in mainstream.*

2.5 Gorgie Mills School staff consultation – 30/01/17; venue – Gorgie Mills

- Q** With Wellington and Panmure closing, what support would we be getting to deal with the higher tariff pupils from there?
- A** The plan is to join up support more effectively for young people and Social Work will provide the support that is necessary.

- Q** When Wellington closed, the Intensive Support Base was staffed with group workers and staff were CALMS trained. This is no longer the case.
- A** Gorgie Mills staff can influence intervention training. There are increased alternatives e.g. outreach and packages.
- Q** There is no access to Education Welfare Officer as there is no Family Support Team.
- A** Non-attending is not the criteria for special school placement. The aim is to support these pupils in mainstream with additional provision eg Early Intervention, Social Work Practice Team. Also, additional support will be put in where required.
- Q** There was an impact when Wellington School closed. Could this happen again with Panmure?
- A** Pupils at Panmure: This type of pupils are now maintained in mainstream. We should not see a future change to the profile of pupils in school.
- Q** There is a high level stress due to pupil behaviour every day. There will be increased pressure with higher tariff children.
- A** That was a result of changes in the pupil cohort due to Wellington closing. Panmure won't have the same impact. If there are high levels of stress, we need to work with Gorgie Mills staff to address how this can be managed.
- Q** Is there still a place for Gorgie Mills School in education or should it be all mainstream?
- A** Yes: long-term we cannot predict levels of need. Yes, there is still a place, but we should also look at developing ways for young people to work flexibly in the community and work experience.
- Q** Mainstream are keeping a lot of the children who would have been referred to us. Pupils now attending show a shift towards increased violence and inability to cope. Some pupils are not coping in school.
- A** We need to be more ambitious in outreach, making it as extensive and rich as possible, and we need to have a conversation with HMIE to make sure guidelines (e.g. hours of schooling) are met.
- Q** College and alternative placements of packages are supported by the Family Support Team. Without this it is difficult to maintain the placement.
- A** We need to look at service providers and all relevant partners to see how this could be improved/best supported. Terri Dwyer (HT Gorgie Mills) is involved in working with Head Office regarding strategic planning.
- Q** Will there be funding from Panmure to support improvement in how we support pupils?
- A** Yes, but we also need to look at resources available eg how we work with YPS, Social Work and third parties – e.g. JET and RUTS – to extend opportunities.

Staff letter (from 3 staff unable to attend the meeting) handed in at Gorgie Mills School staff consultation meeting:

Dear Mr Vallely

Unfortunately we are unable to stay for the meeting today Monday 30th January but would like to share some concerns surrounding the closure of Panmure School. When Wellington School was closed we were assured the impact on Gorgie Mills would be minimal and initially it was.

There were trained staff put in place who were able to interview and restrain if required and this was working, however the staff were later redeployed and not replaced which left a big gap in the intensive support base. The children who would normally have been referred to Wellington School are now being kept here at Gorgie Mills but without the support.

The removal of our family support team has impacted majorly on the school and the families as this was our link between school and home which was a vital resource. Since their removal our attendance has dropped and the lack of EWO intervention leaves us with a very poor record. Our concern is we will be the only SEBN school in Edinburgh and may not be equipped with the resources to meet the needs of the children.

2.6 Panmure St Ann's consultation email address

Email received on the Panmure St Ann's consultation email in box:

'Hello - Having been plagued by some unsavoury teenagers where I live I know a few that have gone on to get help from here.

Why would you close this service?! It's offering people a chance! They can make something of themselves.

I think it's a disgrace that you are even thinking of closing the place!!'

3. Panmure St. Ann's Special School Closure Proposal – Online Council Survey

As part of the overall consultation on the proposal to close Panmure St. Ann's, a short online survey was devised. The survey was open Tuesday 10 January to Monday 27 February 2017. 40 responses were received in total.

Respondents were initially asked to identify the capacity they were responding in from the list below:

*I am responding to this consultation as a:
(Please tick as many as apply)*

Response option	Number of respondents
Parent or carer of a pupil at Panmure St. Ann's Special School	0
Parent or carer of a pupil at Gorgie Mills Special School	0
Parent or carer of a pupil at another secondary school	7
Parent or carer of a pupil at another primary school	9
Other interested person (if possible, please say more about your interest in Panmure St. Ann's)	30

Those that selected '*other interested person*' were:

Children's Panel member	11
Former member of staff at Panmure St. Ann's	5
Secondary school teacher	3
'Work in education'	2
Worked with and supported the school over years	2
Current member of staff at Panmure St. Ann's	1
'Previously worked professionally with pupils, staff / supported ex-pupils'	1
Youth worker	1
Staff member of national charity working with pupils across country	1
Local resident	1
Former pupil of mainstream school with 'Panmure schooled individuals'	1

Respondents were asked to respond to four statements:

Please say how much you agree or disagree with the following statements about the closure proposal:

Statement	Agree*	Neither agree nor disagree	Disagree**
The reduced school roll at Panmure St. Ann's means it will no longer be viable as a school in future.	2 (5%***)	3 (8%)	35 (88%)
The remaining pupils at Panmure St. Ann's will have access to a broader range of courses and improved learning opportunities in mainstream schools or at Gorgie Mills Special School.	2 (5%)	7 (18%)	31 (78%)
Future pupils with social, emotional and behavioural support needs will benefit from an increased range of learning and personal and social development opportunities within suitable alternative schools in Edinburgh.	0	3 (8%)	37 (93%)
Panmure St. Ann's should close at the end of the current year i.e. June 2017.	1 (3%)	0	39 (98%)

- *a combination of 'strongly agree' and 'agree'
- ** a combination of 'disagree' and 'strongly disagree'
- *** percentages may not add up to 100 due to rounding

Finally, respondents were asked:

Is there anything you would like to say about Panmure St. Ann's Special School or any aspect of the Council's closure proposal?

There were 33 free text responses, with the following most frequently occurring themes and issues (with the number expressing them in brackets):

- Panmure is unique/an excellent resource/an invaluable support/a 'saviour' of many young people (12)
- Numbers are low because of a lack of referrals/pupils haven't been referred there/ a deliberate policy of running down numbers with some suggestions that this is to save on costs (11)
- Mainstream schools are not able to support this pupil group/pupils wouldn't cope in mainstream/mainstream can't provide the holistic support needed (8)
- Not enough alternative provision/lack of specialist places elsewhere (2)
- Panel members are told that there isn't enough specialist support so it doesn't make sense to close Panmure (2)
- The more options social workers have, the better care plans they can produce (2)

Some quotes:

- *The bigger the proposed school, the bigger the problems that are likely to ensue. The kind of youngsters that attend Panmure St Ann's need the smaller setting and good dedicated staff. This proposal smacks of a cost-saving exercise to the detriment of the very ones who need more intensive help. If yet another facility closes, it will make social workers job even more difficult that it is currently is.*
- *Panmure, and the girls group in particular, is a unique resource in Edinburgh. These are not young people that can cope in mainstream education, which is why they are at Panmure in the first place. Putting many back in mainstream sets them up to fail while disrupting others. Gorgie Mills does good work but its target is younger children with significant needs. Putting the two groups together sounds a recipe for disaster, designed only as a (short term) cash saving measure.*
- *As a teacher who has worked both at Panmure St Ann's and also in a support for learning capacity in a mainstream school since leaving Panmure, I have witnessed first-hand the effect that the running down of Panmure is having and will continue to have. Mainstream schools are doing their best to support and integrate students with complex social and emotional needs however they are being stretched beyond the resources and expertise which they have. Students are not being admitted to Panmure any longer but most secondary schools do not have behaviour bases or suitably experienced staff to deal with SEBN students. And there simply is not enough alternative provision in the city of Edinburgh to support the diversity of needs amongst the type of young people Panmure served. Packing every SEBN student into Gorgie Mills School is not the answer either. These young people need individual, bespoke attention often more than the academic. Simply pushing them into one corner of the city in order to tick a box and say that they are being provided for is not doing this. This is not providing, this is not addressing their drastically complex needs, this is not taking care of them. It's just letting*

them down as they have been most of their lives. In short, this is not inclusion. It's exclusion. By closing Panmure and shipping these young people to places where their needs may not be met you are risking their futures. This is creating neither a sustainable inclusion model for the future of education nor a sustainable Edinburgh for the future. We must look after the damaged young people of this city properly if we care about Edinburgh and if we care about people.

- *I worked in the girls' group at Panmure with some of the most damaged, vulnerable and intelligent young women I have ever met in my time as a teacher. Some of them had not been near any form of education for years. We looked to the needs they presented and because of the way Panmure and the group was managed we were able to help them and try to make them whole again. Educational attainment was not so important initially - settling them in, listening to them and making them feel safe and respected was the most important part of my role. They did settle to work and attained their standard grades in English maths and history*

**Public Consultation
Proposed Closure of Panmure St Ann's Special School**

Key Themes and Issues and Council Responses

1. If Panmure St Ann's has received more referrals since it became a school it could have continued as a viable school. Why have the referral numbers dropped?

The Council's strategy for Additional Support Needs, with its emphasis on inclusion and strengthening support in localities, has resulted in the need for fewer placements in special schools for learners with social, emotional and behaviour support needs. At the same time there has been a reduction in mainstream school exclusions.

Strong collaborative working between schools in all sectors, ASL Services, Psychological and third sector partners (particularly Barnardo's and Children First) has led to significant sustainable reductions in referrals for special schools for learners with social emotional and behaviour support needs.

Likewise, it has had significant impact on outcomes for children and young people and efficiency and effectiveness of practice.

In 2010/11, placements at Rowanfield School were 56. Following the introduction of the integrated case management approach this was reduced to around 30 on a sustainable basis. A similar trend is now evident in the secondary sector.

Taking into account the earlier reduction in Primary, overall special school placements for additional social, emotional and behaviour support needs have been reduced by almost 50%. This has made a significant contribution to shifting the balance of care and the proposal to close Panmure St Ann's.

Special School Placements for social, emotional and behavioural support needs, 2013-17

Special School/Year	2013/14	2014/15	2015/16	2016/17	Feb 2017
<i>Primary - Rowanfield</i>	33	31	28	23*	32
<i>Secondary</i>					
Gorgie Mills	55	53	53	46	51
Panmure St Ann's	57	43	26	14	3
Secondary Total	102	96	79	60	54
Total	145	127	107	83	86

2. If the school closes what arrangements are in place for the remaining pupils at Panmure St Ann's in terms of support and educational provision?

The few remaining pupils at Panmure are all December 2017 school leavers; they will transfer to the roll of Gorgie Mills Special School with effect from May 2017.

Intensive support and educational provision plans for these pupils are being put in place through the Young Person's Planning process as part of GIRFEC provision with each young person allocated a key adult teaching member of staff from Gorgie Mills. Additional support and resources are being provided by the Councils JET programme (in the form of a dedicated staff resource until December 2017) and external Council partnerships for each young person to develop bespoke packages of support and educational delivery appropriate for need and to assist towards achieving positive destinations when the group leave school in December 2017.

3. If the school closes what specific alternative provision is planned for young people with social, emotional and behavioural needs?

Against a background of sustained reduction in demand for secondary placements described in the Council's response to Issue 1 above and continued progress in the development of inclusive practice and support for learners in their local community, in October 2016 committee agreed to consult on the proposed closure of Panmure St Ann's School.

Redesign provision for social, emotional and behaviour support needs, including a new procurement framework.

In the latest phase the Inclusive Practice working group, comprised of Head Teachers from secondary and special schools and partners, is making very good progress reviewing inclusion this is also informing procurement of partnership services currently underway.

Proposal to Close Panmure St Ann’s Special School Remaining Statutory Consultation Processes

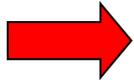
Scottish Ministers Call-In Powers

Should the Council approve the recommendation to close Panmure St Ann’s School, the Council is required to refer the decision to Scottish Ministers to allow them the opportunity to call in the proposals if they so wish.

A proposal will be called in by Scottish Ministers if they determine that the Council has either failed significantly to comply with the requirements of the Schools (Consultation) (Scotland) Act 2010 or has failed to “take proper account of a material consideration relevant to its decision to implement the proposal”.

In considering whether to call in the proposal, Scottish Ministers take account of representations made to them within the first three weeks of the six week call-in period.

The Council cannot proceed further with implementing the closure decision wholly or partly before the six week period has expired, unless the Scottish Ministers have given notice before the end of the period that they will not call the decision in.

Statutory Consultation Stage (June-August 2017)	Jun	Jul	Aug
Full Council decision on the proposal to close Panmure St Ann’s School	29th		
Council notifies Scottish Ministers of a closure decision within 6 working days (starting on and including the day on which the decision was made) and provides copy of the proposal paper / consultation outcome report.		7th	
From the date of the Authority’s decision 3 week period for any persons wishing to make representations to the Scottish Ministers that the decision should, or should not, be called in.		20th	
Scottish Ministers have 6 weeks from the date of the closure decision being made by the Council in which to decide whether to issue a call-in notice to the authority (which means Scottish Ministers may either refuse to consent to the closure proposal or grant their consent for the implementation of the proposal unconditionally or subject to certain conditions).			10th  Proposed closure

Timescales

Should the Council take a decision on 29 June 2017 to close Panmure St Ann’s School and if the Scottish Ministers do not call in the closure decision then the Council will enact the decision with the school ceasing to operate by the start of the new school session in August 2017.

Should Scottish Ministers decide to call in any decision to close Panmure St Ann’s School the Council would be unable to proceed until such time as Scottish Ministers issued their decision. No timescale is set out within the Act for a determination by Scottish Ministers if the Council decision is called in.

10.00am, Thursday, 29 June 2017

Independent Advocacy Services

Contract Ref: CT 0173

Item number	8.12
Report number	
Executive/routine	
Wards	

Executive Summary

This report seeks Council's approval to award contracts for the provision of Independent Advocacy Services to AdvoCard and to Partners in Advocacy from 1 July 2017 for a period of three years, with annual options to extend for a maximum of two further years.

These two contracts will replace similar contracts which end on 30 June 2017.

The total estimated value of the contracts, including extensions, is £3,900,000.

Links

[Coalition Pledges](#)

[Council Priorities](#)

[Single Outcome Agreement](#)

Independent Advocacy Services

1. Recommendations

- 1.1 It is recommended Council approves the award of contracts to AdvoCard and to Partners in Advocacy for the provision of Independent Advocacy Services from 1 July 2017 for three years, with annual options to extend for a maximum of two further years. Total estimated contract value, including possible extensions, is £3,900,000.

2. Background

- 2.1 There is a statutory requirement for the Edinburgh Health and Social Care Partnership (EHSCP) to make provision for independent advocacy services for people in receipt of health or social care services. The Scottish Independent Advocacy Alliance (SIAA) principles and standards define an independent advocacy organisation as “an advocacy organisation that is structurally, financially and psychologically separate from service providers and other services”.
- 2.2 The Scottish Government has issued guidance to ensure that advocacy is sufficiently independent to avoid compromise.
- 2.3 The Council currently has contracts in place with Partners in Advocacy (two contracts) and AdvoCard (one contract) for provision of independent advocacy in respect of:
- 2.3.1 Older people and people with physical disabilities (Partners in Advocacy)
 - 2.3.2 People with learning disabilities (Partners in Advocacy)
 - 2.3.3 People with mental health support needs and carers of people with mental health support needs and / or learning disabilities (AdvoCard)

3. Main report

- 3.1 A Future Contract Opportunity (FCO) notice was published on the Public Contracts Scotland website on 7 March 2016 and 17 organisations registered interest.
- 3.2 The initial procurement plan was to undertake co-production followed by an appropriate procurement process with award of contracts in September 2016 and a contract start date of 1 December 2016.

- 3.3 On 8 September 2016 the Finance and Resources Committee approved the extension of current contracts to 30 June 2017 to allow additional time for consultation and co-production with service users as detailed in section 9 of this report.
- 3.4 Based on feedback from current and potential service providers, the Advocacy Project Board agreed that the procurement should be a 'Competitive Procedure with Negotiation', which satisfied the provider preference for an opportunity to make presentations to the evaluation panel and allow for face-to-face negotiation as necessary.
- 3.5 The requirement was split into two "lots", namely Independent Advocacy for People with Mental Health Support Needs and Unpaid Carers (Lot 1) and Independent Advocacy for People with Learning Disabilities, Adults with Autistic Spectrum Condition, Older People and Adults with Physical Disabilities (Lot 2).
- 3.6 On 5 November 2016, a Contract Notice was published on the Public Contracts Scotland (PCS) website, together with related documents, including a final draft service specification. Three formal Requests to Participate (RTPs) were received by the deadline of 5 December 2016.
- 3.7 On 8 December 2016, an Invitation to Tender (ITT) was published, together with related documents, including the service specification. Two tenders were received by the deadline of 20 January 2017; one for each of the two Lots.
- 3.8 Following evaluation, the tender submitted by AdvoCard for Lot 1 scored 86.88% and the tender submitted by Partners in Advocacy for Lot 2 scored 70.69%.

4. Measures of success

- 4.1 A new service specification was developed through the procurement process, which meets the needs of people who use independent advocacy services in Edinburgh.

5. Financial impact

- 5.1 The total cost of Independent Advocacy Services in 2016/17 was jointly funded by City of Edinburgh Council and NHS Lothian (NHSL) and was £836,000. Following agreement with NHSL to reserve part of its contribution for specialist advocacy provision at the Royal Edinburgh Hospital for people from East, Mid and West Lothian, the jointly funded 2017/18 budget for Edinburgh based service users is £783,446.
- 5.2 The estimated contract value for Lot 1 is £530,000 per annum, which provides 20,010 hours of service per annum.
- 5.3 The estimated contract value for Lot 2 is £250,000 per annum, which provides 10,000 hours of service per annum.

- 5.4 The overall estimated value of both contracts is £780,000 per annum, which is within the allocated budget of £783,446.
- 5.5 The costs associated with procuring these contracts are estimated at between £10,001 and £20,000.

6. Risk, policy, compliance and governance impact

- 6.1 There are no risk, policy, compliance or governance impacts arising from this report.

7. Equalities impact

- 7.1 There are positive equality impacts arising from this report as it facilitates access by vulnerable people to independent advocacy services. An Integrated Impact Assessment (IIA) has been undertaken.

8. Sustainability impact

- 8.1 The sustainability risk has been assessed as low and no mitigating actions are required. There are no impacts on carbon, adaptation to climate change and sustainable development arising directly from this report.
- 8.2 The successful tenderers have offered community benefits in support of volunteers and service users, including free training and representation in governance and management arrangements, as well as placement opportunities for social workers

9. Consultation and engagement

- 9.1 A Future Contract Opportunity (FCO) notice was published on the Public Contracts Scotland website on 7 March 2016 and seventeen organisations registered interest.
- 9.2 Consultation was conducted from 15 August to 22 September 2016 and involved using a targeted approach to seek the views of current service users and unpaid carers. Current providers were also consulted to discuss their perspectives. In addition, a brief questionnaire was issued to mental health officers, NHS community mental health teams and social work practice teams to seek their feedback.
- 9.3 The total number of service users and carers who responded to the consultation was 133. The total number of staff involved in the consultation was 69.
- 9.4 In total there were 13 consultation events held during the period of the consultation. Out of the total, nine were facilitated by Council and NHS officers and four were facilitated by staff of the current providers of independent advocacy.

- 9.5 There were also 63 individual responses to the consultation questions from service users and carers.
- 9.6 The draft service specification was continuously developed throughout the period of consultation and coproduction to take account of input from the wide range of stakeholders.

10. Background reading/external references

- 10.1 Scottish Independent Advocacy Alliance website <http://www.siaa.org.uk>

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11. Links

Coalition Pledges	P30 – Continue to maintain a sound financial position including long-term financial planning
Council Priorities	CP2 – improved health and wellbeing: reduced inequalities CP3 – Right care, right place, right time CP4 – Safe and empowered communities
Single Outcome Agreement	SO2 – Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health
Appendices	Appendix 1 – Summary of Tendering and Tender Evaluation Processes

Appendix 1

Summary of Tendering and Tender Evaluation Processes

Contract	Independent Advocacy Services Contract Ref: CT 0173
Contract period (including any extensions)	1 July 2017 to 30 June 2022
Estimated contract value	Lot 1 £2,650,000 (including extensions) Lot 2 £1,250,000 (including extensions)
Standing Orders observed	2.5 EU Principles have been applied 2.13 Commercial and Procurement Services provided resource to undertake tendering 3.2 Director has responsibility for all contracts tendered and led by their Directorate 5.1 Tenders evaluated on basis of most economically advantageous tender
Portal used to advertise	Public Contracts Scotland
EU Procedure chosen	Competitive Procedure with Negotiation
Tenders returned	2
Tenders fully compliant	2
Recommended suppliers	Lot 1 Advocard Lot 2 Partners in Advocacy
Primary criterion	Most economically advantageous tender to have met the qualitative and technical specification of the client department
Evaluation criteria and weightings and reasons for this approach	Quality 70% Price 30% Quality was considered more important than price in the context of the service.
Evaluation Team	Council officers from Health & Social Care and a representative of NHS Lothian with relevant experience
Consideration of procurement methodology and processes to ensure SME friendly	Future Contract Opportunity (FCO) notice was published on the Public Contracts Scotland website on 7 March 2016. Extended consultation with all key stakeholders. Logging of requirements.

10am, Thursday, 29 June 2017

Framework Agreement for Day Support Services for Adults with Learning Disabilities

Contract Ref: CT 0171

Item number	8.13
Report number	
Executive/routine	
Wards	

Executive Summary

This report seeks the approval of Council to establish a Framework Agreement for Day Support Services for adults with learning disabilities, and to award twenty providers onto the Framework Agreement.

The term of the Framework Agreement will be three years, commencing 2 October 2017 to 1 October 2020, with an option to extend for up to a further 12 months. The total estimated value of contracts that may be awarded under the Framework Agreement, including extensions, is £28,000,000.

Links

Coalition Pledges	P43
Council Priorities	CP2, CP3
Single Outcome Agreement	SO2

Framework Agreement for Day Support Services for Adults with Learning Disabilities

Contract Ref: CT 0171

1. Recommendations

- 1.1 It is recommended Council approves the establishment of a Framework Agreement for Day Support services for Adults with Learning Disabilities for three years, commencing 2 October 2017 to 1 October 2020, with an option to extend for up to a further 12 months; and
- 1.2 approves award of the following twenty providers onto that Framework Agreement:
- Active Healthcare Services
 - Autism Initiatives
 - Capability Scotland
 - Carr Gomm
 - Clayton Care Limited
 - Columcille Ltd
 - Community Integrated Care
 - CrossReach
 - ENABLE Scotland
 - Garvald Edinburgh
 - Inclusion Alliance
 - Leonard Cheshire Disability
 - Places for People Scotland Care & Support
 - Scottish Autism
 - The Action Group
 - The Redwoods Caring Foundation
 - The Richmond Fellowship Scotland Limited
 - Tiphereth Ltd
 - Upward Mobility Ltd
 - Visualise Scotland

2. Background

- 2.1 The Edinburgh Health and Social Care Partnership spends approximately £6,800,000 per annum on externally provided day support services for adults with learning disabilities.
- 2.2 Half of this amount is spent on services that support people from a day centre, and half is spent on community based support. Some support is on a shared basis, i.e.

provided to a group of service users and some is provided on a one to one basis. A total of 500 service users receive these externally provided services at an average cost of £13,600 per service user, per annum.

- 2.3 Establishing a Framework Agreement for procurement of these services will reduce the administrative burden on both the Council and providers. This will be done by:
- (a) simplifying the procurement procedure by reducing or avoiding multiple, repetitive submission of tender documents
 - (b) introducing a single service specification for all day service models which reflects current national 'best practice' guidance and the outcome of local co-production activity;
 - (c) using standard Framework Agreement Terms and Conditions.

3. Main report

- 3.1 The aim of the service is to provide high quality care and support for adults with learning disabilities under Self Directed Support Option 3, where the Council arranges a service on behalf of an individual. The Council intends that an additional outcome of the procurement project will be to establish guide prices that can be used for budgeting for Direct Payments and Individual Service Funds under Options 1 and 2 of Self Directed Support.
- 3.2 Published in 2013, '*Keys to Life*' sets out the Scottish Government's ten year strategy for improving the quality of life for people with learning disabilities, who form the majority of day service users in Edinburgh. Many aspects of the strategy are also relevant to the lives of people with physical and other disabilities, a number of whom also use day services. '*Keys to Life*' identifies four overarching outcomes for day support services which they should strive to help people achieve:
- (a) A Healthy Life: people with disabilities enjoy the highest attainable standard of living, health and family life;
 - (b) Choice and Control: people with disabilities are treated with dignity and respect and protected from neglect, exploitation and abuse;
 - (c) Independence: people with disabilities are able to live independently in the community with equal access to all aspects of society; and
 - (d) Active Citizenship: people with disabilities are able to participate in all aspects of community and society.
- 3.3 In terms of EU procurement regulations, these services fall under the 'light touch' regime. Although the 'light touch' regime is not subject to the full rigours of EU procurement regulations, there is a requirement for openness, transparency and fair and equal treatment, as well as a requirement to comply with the Public Contracts (Scotland) Regulations 2015, the 2016 Regulations, the Procurement of Care and Support Services 2016 (Best Practice), and the Council's Contract Standing Orders.

- 3.4 In support of the strategic aims of *'Keys to Life'* and acting on behalf of the Edinburgh Health and Social Care Partnership Integration Joint Board (IJB), the Council published a Prior Information Notice (PIN) on the Public Contracts Scotland (PCS) website on 7 December 2015 and 32 organisations expressed interest.
- 3.5 An extensive co-production exercise followed, which included consultation with service users and their carers and engagement with third sector day support providers in order to inform the development of a new single Service Specification. Further detail can be found under Section 9 of this report.
- 3.6 The Council published a Contract Notice on the Public Contracts Scotland (PCS) website on 12 January 2017 and an Invitation to Tender (ITT) was published on the Public Contracts Scotland-Tender (PCS-T) website the same day. A total of 33 organisations registered interest.
- 3.7 Twenty organisations submitted tenders by the deadline of 14 February 2017.
- 3.8 Tenders were evaluated on the basis of the most economically advantageous tender (MEAT), with a weighting of 70% for quality and 30% for price. This weighting was agreed by a project team of representatives from Health and Social Care, based on a shared understanding that quality is of greater importance than price for this type of service. A summary of the tender process is provided at Appendix 1 of this report.
- 3.9 Evaluation of the commercial (price) content of the bids was undertaken by the Council's Commercial and Procurement Services (CPS), based on the offer price per service user per hour for Building Based Services (Lot 1) and Community Based Services (Lot 2). Detail about combined Technical (Quality) and Commercial (Price) scores for each Lot is provided at Appendix 2 of this report.
- 3.10 Taking account of service user needs and wishes, accessibility and availability of services, the Council will award contracts to the highest ranked provider (as established at the point of the framework agreement award). If the provider declines the business, the next highest scoring provider will be awarded the business and so on.

4. Measures of success

- 4.1 There is an established single Service Specification for all day support services for adults with learning disabilities, which reflects current national 'best practice' guidance and the outcome of local co-production activity, together with standard Terms and Conditions.
- 4.2 There is an established list of prices for these services and future payments will only be made for periods of actual service delivery.

5. Financial impact

- 5.1 The maximum value of contracts placed during the lifetime of the framework agreement, including possible extension, is estimated to be £28,000,000.
- 5.2 There are no direct savings anticipated via this contract agreement. The 2016/17 budget for disability day care services was £6.8m. This will increase in 2017/18 by £197,200 as a result of implementation of the Living Wage uplift rather than because of the new contract. The new contract is for new business only and given there is a relatively low rate of turnover among the client group no further increase in overall spend is anticipated in 2017/18. However, the framework agreement will introduce greater transparency to service and price offers and will therefore enable service users, carers and assessors to make better informed decisions about the allocation of resources or personal budgets.
- 5.3 The costs associated with procuring this framework agreement are estimated to be from £10,001 to £20,000.

6. Risk, policy, compliance and governance impact

- 6.1 The Health and Social Care Contracts Team will be responsible for the management of the Framework Agreement and related contracts and for monitoring key performance indicators. This will mitigate any risk that contracts might fail to meet requirements.

7. Equalities impact

- 7.1 There are positive equality impacts arising from this report as the Framework Agreement will provide people with disabilities and their carers with the tools needed to make informed and affordable choices in respect of day services. An Equalities and Rights Impact Assessment (ERIA) has been undertaken.

8. Sustainability impact

- 8.1 The sustainability risk has been assessed as low and no mitigating actions are necessary. There are no impacts on carbon, adaptation to climate change and sustainable development arising directly from this report.
- 8.2 A range of community benefits were offered by bidders including:
 - (a) targeted recruitment and training within Edinburgh;
 - (b) supported employment for people with learning disabilities;
 - (c) supporting local businesses;
 - (d) volunteering placements for school pupils;
 - (e) workforce training;

9. Consultation and engagement

- 9.1 Co-production with service users and carers took place from 29 February to 13 June 2016.
- 9.2 Four easy read consultation questions were sent to all service users and carers and were developed to seek views on how people with learning disabilities would like to spend their day and what support should be like.
- 9.3 A variety of communication methods were used in the consultation. This took the form of questionnaires, online responses and four facilitated local meetings.
- 9.4 The outcome of the consultation and engagement process was used to develop the Service Specification in conjunction with third sector day support providers.

10. Background reading/external references

- 10.1 *'Keys to Life, Improving Quality of Life for People with Learning Disabilities'*, Scottish Government, 2013

<http://www.gov.scot/Resource/0042/00424389.pdf>

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11. Links

Coalition Pledges	P43 - Invest in healthy living and fitness advice for those most in need
Council Priorities	CP2 - Improved health and wellbeing: reduced inequalities CP3 - Right care, right place, right time
Single Outcome Agreement	SO2 - Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health
Appendices	Appendix 1 - Summary of the Tender Process Appendix 2 - Combined Technical (Quality) and Commercial (Price) Scores for each Lot

Appendix 1 - Summary of the Tender Process

Day Support Services for Adults with Learning Disabilities Framework Agreement -
Contract Ref: CT 0171

Contract	Framework Agreement for Day Support Services for Adults with Learning Disabilities - Contract Ref: CT 0171
Contract Period (including any extensions)	1 September 2017 to 31 August 2021
Estimated value of contract	£28,000,000 (total including extension)
Standing Orders observed	2.3 EU Principles have been applied 2.5 Health, social care and community services shall be procured in accordance with the Act 3.2 Director has responsibility for all contracts tendered and let by their Directorate 5.1 Tenders evaluated on basis of most economically advantageous tender
Portal used to advertise	Public Contracts Scotland
EU Procedure chosen	Open
Tenders Returned	20
Tenders fully compliant	20
Recommended Providers	Active Healthcare Services Autism Initiatives Capability Scotland Carr Gomm Clayton Care Limited Columcille Ltd Community Integrated Care CrossReach ENABLE Scotland Garvald Edinburgh Inclusion Alliance

	<p>Leonard Cheshire Disability</p> <p>Places for People Scotland Care & Support</p> <p>Scottish Autism</p> <p>The Action Group</p> <p>The Redwoods Caring Foundation</p> <p>The Richmond Fellowship Scotland Limited</p> <p>Tiphereth Ltd</p> <p>Upward Mobility Ltd</p> <p>Visualise Scotland</p>
Primary Criterion	Most economically advantageous tender to have met the qualitative and technical specification
Evaluation criteria and weightings and reasons for this approach	<p>Quality (70%)</p> <p>Price (30%)</p> <p>This weighting was agreed by a project team of representatives from Health and Social Care, based on a shared understanding that quality is of greater importance than price for this type of service.</p>
Evaluation Team	Council officers in Health and Social Care

Appendix 2 – Combined Technical (Quality) and Commercial (Price) Scores for Lot 1

Provider	Technical (Quality) Score	Commercial (Price) Score	Total Score
Active Healthcare Services	28.00	18.86	46.86
Autism Initiatives	35.00	19.37	54.37
Capability Scotland	55.13	16.71	71.83
Columcille Ltd	40.25	18.46	58.71
CrossReach	49.00	20.63	69.63
Garvald Edinburgh	35.88	16.96	52.83
The Redwoods Caring Foundation	38.50	28.70	67.20
Tiphereth Ltd	37.63	17.17	54.79
Upward Mobility Ltd	31.50	30.00	61.50
Visualise Scotland	43.75	15.35	59.10

Combined Technical (Quality) and Commercial (Price) Scores for Lot 2

Provider	Technical (Quality) Score	Commercial (Price) Score	Total Score
Active Healthcare Services	28.00	29.09	57.09
Autism Initiatives	35.00	28.17	63.17
Capability Scotland	55.13	27.04	82.17
Carr Gomm	53.38	26.68	80.06
Clayton Care Limited	34.13	27.43	61.55
Community Integrated Care	40.25	29.06	69.31
CrossReach	49.00	30.00	79.00

ENABLE Scotland	39.38	27.41	66.79
Inclusion Alliance	56.88	27.71	84.59
Leonard Cheshire Disability	46.38	29.23	75.61
Places for People Scotland Care & Support	53.38	29.18	82.55
Scottish Autism	37.63	25.44	63.06
The Action Group	35.00	27.99	62.99
The Richmond Fellowship Scotland Limited	48.13	28.95	77.08
Upward Mobility Ltd	31.50	24.62	56.12
Visualise Scotland	43.75	23.41	67.16

The City of Edinburgh Council

10am Thursday 29 June 2017

Recommendations of the Social Work Complaints Review Committee of 28 April 2017

Item number	8.14(a)
Report number	
Wards	All

Links

Coalition pledges	
Council outcomes	
Single Outcome Agreement	SO2

Linda Veitch

Chair, Social Work Complaints Review Committee

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Recommendations of the Social Work Complaints Review Committee of 28 April 2017

Summary

To refer to the City of Edinburgh Council, recommendations of the Social Work Complaints Review Committee on consideration of a complaint against the social work service within Health and Social Care.

For decision/action

The Social Work Complaints Review Committee has referred its recommendations on complaints against the social work service within Health and Social Care to the Council for consideration.

Main report

- 1 Complaints Review Committees (CRCs) are established under the Social Work (Representations) Procedures (Scotland) Directions 1996 as the final stage of a comprehensive Client Complaints system. They are required to be objective and independent in their review of responses to complaints.
- 2 The CRC met in private on 27 April 2017 to consider a complaint against the social work service within Health and Social Care. The complainants and the service representatives attended throughout.
- 3 The complainant remained dissatisfied with the Council's response to her complaint regarding a fall experienced by her mother on 10 September 2015 and the Council's response thereafter.
4. The complainant outlined her complaints as follows:
 - i) the complainant remained dissatisfied that the complaint response letter did not address a report by the Care Inspectorate, nor did it reference the findings of an independent healthcare consultant.
 - ii) the complainant sought clarification as to why a wheelchair lap belt was not used when her mother was left unattended within the Care Home.
 - iii) the Council's explanation of events leading to the complainant's mother sustaining facial injuries was not consistent with the injuries she sustained.
 - iv) the complainant stated that the Care Home was understaffed when the incident occurred and queried why a member of staff was allowed to leave the building.

- v) the complainant stated that she had received conflicting reports from staff.
 - vi) the complainant was unhappy that she had to request that Care Home staff photograph her mother's injuries.
5. The complainant explained that her mother had sustained head injuries following an unobserved fall from her wheelchair at a time when she had been left unattended. The injuries that had been sustained suggested that she had not been strapped into her wheelchair using a lap belt.
 6. The complainant reported that nobody had accepted responsibility for the incident and that the Council's explanation that another resident may have caused her mother to fall was unacceptable.
 7. Members of the Committee were then given the opportunity to ask questions of the complainant.
 8. The Investigating Officer, confirmed that her role was to try and establish the facts concerning the complaint received, which had involved multiple agencies and individuals.
 9. She confirmed that on 10 September 2015, the complainant's mother was assisted out of bed by two staff and transferred into her wheelchair to go through to the dining area for her evening meal. Staff made the decision to leave her in her wheelchair to have her meal as she was attending a birthday party soon after.
 10. At approximately 6pm, one of the three services users within the lounge/dining room asked to use the toilet. The member of staff within the immediate vicinity of the dining area calculated that it would be safe to take the service user to the toilet leaving the other two services users, one of which was the complainant's mother, alone.
 11. On returning to the lounge/dining room the carer reported that the complainant's mother was on her left side on the floor, she was still in her constricted seated position in the wheelchair. The other service user was on her feet nearby. She was then taken to the Royal Infirmary of Edinburgh Hospital by ambulance accompanied by a staff member and next of kin notified.
 12. As the incident was un-witnessed the Investigating Officer could only speculate as to what had occurred in the two-three minute that the service users were left alone.
 13. The Investigating Officer reported that her investigation was inconclusive due primarily to lack of an eye witness and poor recording keeping within the unit. She stressed that the number of staff within the unit at the time of the incident was within Care Inspectorate guidelines.
 14. She confirmed that the complaint investigation had generated the following service improvements:
 - Any staff member who accompanied a service user to hospital would be the person responsible for recording the outcome of the visit and any

assessment which took place. These would no longer be passed verbally to the team leader or key holder to record.

- Care home managers and staff had been reminded of the availability of slings and hoists within the Accident and Emergency Department at the Royal Infirmary of Edinburgh.
- A single family member would be identified for care home staff to communicate directly with regarding concerns, issues and updates.
- The seating areas within the unit concerned were no longer left unattended and all staff had been instructed to consider residents safety at all times. If a lone member of staff was required to leave the area for any reason, they had been instructed to call for the assistance of a colleague prior to leaving.

- 15 Members of the Committee were then given the opportunity to ask questions of the Investigating Officer.
- 16 Following this, the complainants and the Investigating Officer withdrew from the meeting to allow the Committee to deliberate in private.

Recommendations

After full consideration of the complaints the Committee reached the following decisions/recommendations:

- 1) The Committee **upheld** the complaint detailed at Paragraph 4(i) above, without qualification.
- 2) The Committee noted that the Social Work Complaints Review Committee was unable to provide any clarification as to why a wheelchair lap belt was not used when the complainant's mother was left unattended within the Care Home (paragraph 4(ii) above).
- 3) The Committee, on the evidence presented, did **not uphold** the complaint detailed at Paragraph 4(iii) above.
- 4) The Committee **upheld** the complaint detailed at Paragraph 4(iv) above
The Committee considered that the risk assessment undertaken by a member of staff to take a resident to the toilet, leaving two other service users (including the complainant's late mother) alone in the lounge/dining room to have been inadequate.
- 5) The Committee **upheld** the complaint detailed at Paragraph 4(v) above, without qualification.
- 6) The Committee did **not uphold** the complaint detailed at Paragraph 4(vi) above.
The Committee considered that for staff to have photographed the injuries would have been a breach of professional practise.

Background reading/external references

Agenda, confidential papers and minute of the Complaints Review Committee of 27 April 2017.

Links

Coalition pledges

Council outcomes

Single Outcome Agreement

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

Appendices

None.

10am, Thursday 29 June 2017

City of Edinburgh Council

Response to a Complaints Review Committee Outcome

Item number 8.14(b)

Report number

Executive/routine

Wards

Executive Summary

This report outlines the actions taken by Health and Social Care following the recommendations of a Complaints Review Committee held on 28 April 2017.

The complaint relates to the South East Locality.

Links

Single Outcome Agreement [SO2](#)

1. Recommendations

- 1.1 The City of Edinburgh Council is recommended to note the actions taken in relation to the decision of the Complaints Review Committee on 28 April 2017.

2. Background - Complaints Review Committee Findings

- 2.1 The Committee upheld the complaint set out in paragraph 2.1 of the report by the Chief Officer, Edinburgh Health and Social Care Partnership, without qualification:
"Paragraph 2.1- The complainant is dissatisfied that the complaint response letter did not address a report by the Care Inspectorate, nor did it reference the findings of an independent healthcare consultant."
- 2.2 The Committee upheld the complaint set out in paragraph 2.4 of the report by the Chief Officer, Edinburgh Health and Social Care Partnership. The Committee believed that the risk assessment by a staff member had been inadequate:
"Paragraph 2.4 - The complainant states that the care home was understaffed when the incident occurred and queries why a member of staff was allowed to leave the building."
- 2.3 The Committee upheld the complaint set out in paragraph 2.5 of the report by the Chief Officer, Edinburgh Health and Social Care Partnership:
"Paragraph 2.5 - The complainant states that she received conflicting reports from staff."

3. Main report - Improvement Actions

- 3.1 The complainer's dissatisfaction with the content of the complaint response letter could not form part of the original complaint made; however, it was the opinion of the Complaint Review Committee that the stated reports ought to have been referred to. A number of investigations took place at the time of the complaint; the Care Inspectorate conducted an independent investigation of matters; the Council's Residential Review Team conducted an Adult Protection investigation and an independent healthcare consultant was employed by the complainer to conduct a further investigation. These investigations were completed and reports sent directly to the complainant and the care home. The Council was aware of the findings of both the Care Inspectorate's investigation and the privately hired healthcare consultant's investigation. The Council's complaint response letter detailed the

Council's findings following the complaint investigation and provided the Council's conclusion based upon the points raised, as required by the statutory social work complaints procedure. There is no requirement to reference an investigation conducted by another, the Council's statutory requirement is to answer the points of the complaint as raised.

- 3.2 The staffing levels were deemed as adequate and did not fall below the Staffing Schedule provided by the Care Inspectorate, which was 13 care staff and 1 Senior Member of Staff at any time; there were 15 care staff in the building at the time of the incident. The Staffing Schedule does not go into detail about how staff should be deployed throughout the 5 units within the care home, this decision is based upon the level of care needs in the flats and is decided upon by the Unit Manager and the completion of an Isaac and Neville assessment of need exercise. The staffing levels within the unit, at the time of the incident, were one member of staff to three service users which was thought to be adequate at the time. It should be noted that the staff member who left the building, was not allocated to the specific unit where the incident occurred.
- 3.3 Since the incident, the care home has increased staff awareness to ensure that any communal areas within the care home, where service users are located, are staffed at all times where possible. The Isaac and Neville Tool is used to determine the number of staff required in each flat and staffing numbers were increased by the manager to ensure that there are more robust staffing levels within the care home.
- 3.4 When service users' families indicate that there is to be one point of contact for any emergency occurrence, the care home will ensure this is documented clearly in the care plan. Care home staff ensure that any communication with relatives is clearly documented in the duty communication book; this is now signed by the person making the entry and any actions are recorded clearly.
- 3.5 The service will endeavour to have the same person communicate with families to ensure a consistency of information shared, where possible.

Rob McCulloch-Graham

Chief Officer Edinburgh Health and Social Care Partnership

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4. Links

Single Outcome Agreement

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

Appendices

The City of Edinburgh Council

10am, Thursday 29 June 2017

Recommendations of the Social Work Complaints Review Committee of 24 May 2017

Item number	8.15
Report number	
Wards	All

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Sandra Mair

Chair, Social Work Complaints Review Committee

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Recommendations of the Social Work Complaints Review Committee of 24 May 2017

Summary

To refer to the City of Edinburgh Council recommendations of the Social Work Complaints Review Committee on consideration of a complaint against the social work service within Health and Social Care.

For decision/action

The Social Work Complaints Review Committee has referred its recommendations on complaints against the social work service within Health and Social Care to the City of Edinburgh Council for consideration.

Main report

- 1 Complaints Review Committees (CRCs) are established under the Social Work (Representations) Procedures (Scotland) Directions 1996 as the final stage of a comprehensive Client Complaints system. They are required to be objective and independent in their review of responses to complaints.
- 2 The CRC met in private on 24 May 2017 to consider a complaint against the social work service within Health and Social Care. The complainant and the service representatives attended throughout.
- 3 The complainant remained dissatisfied with the Council's response to his complaint regarding the decision not to retrospectively fund adaptations the complainant had made to his bathroom to the cost of £3,000.
- 4 The complainant explained that he contracted meningitis in 1980 and as a result was medically retired shortly thereafter. His health had continued to deteriorate and he was required to use catheters up to 4 or 5 times per day and sometimes at night. It was important to do this in a sterile environment to prevent damaging infections which was why he arranged for alterations to his bathroom to be carried out as a matter of urgency.
- 5 The complainant advised that he had contacted the Council after the works had been completed on his bathroom to ask for a Home Improvement Grant to cover the costs of the works in June 2016. The complainant also advised that he requested the Council paid to install a shower unit. He was advised that he should not phone the Council and an inspector would come to his home instead.
- 6 The complainant further advised that an inspector came to his house in November 2016. The inspector did not look around the complainant's property

and was only there for a few minutes. On leaving, the inspector advised the complainant that he would not get a Council Tax reduction.

- 7 Members of the Committee were then given the opportunity to ask questions of the complainant.
- 8 The Presenting Officer advised that the complainant had had works carried out to his bathroom before an Occupational Therapy (OT) assessment could be completed or a Home Improvement Grant could be approved because of the need for a sterile environment.
- 9 The Presenting Officer explained that there was no record of the phone call that the complainant made to Social Care Direct in June 2016 to ask if he could claim back the cost of the works on his bathroom and that it was likely that the complainant had spoken to someone in the wrong department.
- 10 The Presenting Officer advised in August 2016 Social Care Direct contacted the complainant and were advised by the complainant that adaptations had been carried out to his bathroom because of his disability and he wanted to know if he was entitled to a grant to pay for the work. The complainant was advised that because an assessment was not carried out before the work was done payment could not be provided retrospectively.
- 11 The complainant, following a discussion in September 2016 with an Advice and Complaints Officer, requested the decision not to reimburse him for works carried out be given in writing. A letter dated 12 September 2016 was sent to the complainant.
- 12 The complainant remained dissatisfied with the decision and Council officers, including a Senior Occupational Therapist, arranged to visit the complainant at home to further explain the Council's policy. Discussion took place about the possibility of accessing a Home Improvement Grant to install an over bath shower to enable him to access the bath that was installed. The complainant advised that he did not wish to consider this at the time and was focussed on being reimbursed for works carried out on his bathroom.
- 13 The Presenting Officer advised that a further investigation found that aside from the provision of grab rails, the work carried out on the complainant's bathroom was an upgrade of the existing standard bathroom amenities which was deemed maintenance and an assessment had not been carried out before the work was done to establish if adaptations to the bathroom were required and eligibility for the associated grant had been met.
- 14 The Presenting Officer advised that as the complainant was in receipt of a higher rate of attendance allowance he would now be eligible for an assessment for a Home Improvement Grant for the installation of an over bath shower.
- 15 The Presenting Officer advised in relation to the visit that the complainant received at home from a City of Edinburgh Council staff member in November 2016 when the complainant was advised that he would not receive a Council Tax reduction, it was not within the gift of the statutory social work complaints process

to investigate an appeal against the decision to refuse an award of Council Tax Disabled Person Relief (DPR). This was a separate process.

- 16 Members of the Committee were then given the opportunity to ask questions of the Presenting Officer.
- 17 Following this, the complainant and the Presenting Officer withdrew from the meeting to allow the Committee to deliberate in private.

Recommendations

After full consideration of the complaints the Committee reached the following decisions/recommendations:

- 1) The Committee **did not uphold** the complaint set out at paragraph 2.1 of the report by the Chief Officer, Health and Social Care Partnership.
- 2) The Committee noted that the Council had a documented procedure that required a client to be assessed by an Occupational Therapist to ensure their needs for any adjustments to their property fully met the long term needs of the client. In this case the work done to improve the bathroom was done prior to any assessment being carried out. The Council had no authority to provide funding retrospectively as detailed in the Housing Scotland Act (2006) In addition, the work that was carried out on the bathroom did not meet long term mobility needs as the bathroom was a standard design and with only grab rails being installed.

The Committee felt they were unable to uphold the complaint to grant retrospective funding for the works carried out on the bathroom on the evidence presented.
- 3) The Committee were pleased to note that after an Occupational Therapy assessment had been carried out in November 2016, it was decided that the complainant was eligible for a Home Improvement Grant to install an over bath shower, a shower board and a swivel seat. This would meet the recommendations made by the complainant's doctor as described in Document 6 of the papers.
- 4) The Committee noted that the complainant had been receiving a higher rate of attendance allowance and recommended that the complainant was given an assessment with a view to ensuring he had appropriate support going forward.

Background reading/external references

Agenda, confidential papers and minute of the Complaints Review Committee of 24 May 2017.

Links

Coalition pledges

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Appendices

None.