

Notice of meeting and agenda

The City of Edinburgh Council

10.05 am, Thursday, 27 June 2019

Council Chamber, City Chambers, High Street, Edinburgh

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

Contact

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1. Order of business

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

2. Declaration of interests

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

3. Deputations

- 3.1 If any

4. Minutes

- 4.1 The City of Edinburgh Council of 30 May 2019 - submitted for approval as a correct record

5. Questions

- 5.1 By Councillor Miller - Short Term Holiday Letting – for answer by the Convener of the Housing and Committee
- 5.2 By Councillor Johnston - Tram Extension - Final Design - for answer by the Convener of the Transport and Environment Committee
- 5.3 By Councillor Laidlaw – Weeds - for answer by the Convener of the Transport and Environment Committee
- 5.4 By Councillor Mowat - Choked Drains - for answer by the Convener of the Transport and Environment Committee
- 5.5 By Councillor Mowat - Low Emissions Zones - Proposed Boundaries - for answer by the Convener of the Transport and Environment Committee
- 5.6 By Councillor Mowat - Periodic Predictable Increases in Recycling and Landfill Waste Bins in Student Areas - for answer by the Convener of the Transport and Environment Committee
- 5.7 By Councillor Webber - Nether Currie Early Years - for answer by the Convener of the Education, Children and Families Committee
- 5.8 By Councillor Laidlaw - West Edinburgh High School - for answer by the Convener of the Education, Children and Families Committee

- 5.9 By Councillor Rust - Additional Support Needs at CEC Schools - for answer by the Convener of the Education, Children and Families Committee
- 5.10 By Councillor Brown - Road Mole - for answer by the Convener of the Transport and Environment Committee
- 5.11 By Councillor Staniforth - Seafield Recycling Centre - for answer by the Convener of the Transport and Environment Committee
- 5.12 By Councillor Lang - Grass Collection - for answer by the Convener of the Transport and Environment Committee
- 5.13 By Councillor Lang - Weed Clearing - for answer by the Convener of the Transport and Environment Committee

6. Leader's Report

- 6.1 Leader's report (circulated)

7. Appointments

- 7.1 Appointments to Committees, Outside Bodies etc – report by the Chief Executive (circulated)

8. Reports

- 8.1 Office of Lord Provost: Year Two Report 2018/19 – report by the Chief Executive (circulated)
- 8.2 Operational Governance Framework 2019 – report by the Chief Executive (circulated)
- 8.3 Annual Performance Report 2018/19 – report by the Chief Executive (circulated)
- 8.4 Coalition Commitments Progress Update - June 2019 – report by the Chief Executive (circulated)
- 8.5 Integration Scheme – Carers (Scotland) Act 2016 - Update – report by the Chief Executive (circulated)
- 8.6 Unaudited Annual Accounts 2018/19 – report by the Executive Director of Resources (circulated)
- 8.7 Operational Governance: Review of Contract Standing Orders – report by the Executive Director of Resources (circulated)
- 8.8 Rolling Actions Log – report by the Chief Executive (circulated)

- 8.9 Lothian Pension Fund - Unaudited Annual Report (and Financial Statements) 2019 - referral from the Pensions Committee (report which has been submitted to the Pensions Committee on 26 June 2019 is circulated)

9. Motions

- 9.1 By Councillor Jim Campbell - Lothian Buses Oversight

“Council:

- a) Notes that the Vice Convener of the Transport and Environment Committee was clear with Council last month that she saw no place for private number plates in a public bus service company.
- b) Is concerned by recent press reports on this subject.
- c) Instructs the Convener of Transport and Environment, or in her absence, the Vice Convener, to write to the Chair of Lothian Buses asking that the following is provided to Council relating to private number plates owned by Lothian Buses or any subsidiary organisation:
 - the number
 - book cost
 - best estimate of the current market value.”

- 9.2 By Councillor Staniforth - Independent Night-life Co-ordinator

“Council:

- 1) Notes that the position of an independent night-life co-ordinator was raised numerous times at the Music is Audible working group but generally agreed to be beyond the scope of that working group.
- 2) Notes that several cities have chosen to adopt a night-life co-ordinator (often called a ‘night mayor’) including Amsterdam, New York, Paris, Zurich, Toulouse and Mannheim.
- 3) Notes that because every city has unique needs and culture methods of funding and electing or selecting a night-life co-ordinator vary from city to city as does their exact remit.
- 4) Notes that in most cases, though they work with local government, the night-life co-ordinator of a city has a degree of independence from local government.
- 5) Notes that Edinburgh has a vibrant and complex night-time economy which would benefit from the oversight and management of a night-life co-ordinator.

- 6) Notes that, unlike many cities, Edinburgh's city centre is residential in nature which further emphasises the need for its night-life co-ordinator to have a bespoke remit.
- 7) Agrees to establish a 'Night-Life Co-ordinator' working group to assess how the city could best facilitate the introduction of a night-life co-ordinator.
- 8) Agrees that the working group should include one councillor from each of the current political parties active in the council and that representatives of the city night life such as nightclub owners, event organisers, Lothian buses, major city cab companies, theatres, residents' representatives, the NHS, the Edinburgh alcohol and drug partnership and anyone else the working group feels it needs to include once it has met.
- 9) Agrees the working group shall choose its convener at its inaugural meeting.
- 10) Agrees that the working group aims to present a report detailing options for the establishment of an independent night-life co-ordinator for Edinburgh within one year."

9.3 By Councillor Main - Bike to Work Scheme Revamp

"This Council;

- 1) Notes the well documented benefits to personal health and wellbeing benefits active travel affords.
- 2) Notes switching from car use to cycling contributes to Climate Emergency carbon reduction targets and reduces pollution that is harmful to health.
- 3) Notes that last year Council's Health and Social Care staff alone travelled over 1 million miles in Edinburgh, mainly by car, as part of their working day at a cost of over £500k.
- 4) Notes the Department of Transport's updated guidance on the Cycle to Work Scheme, published on 12th June, removes the ceiling of £1000 and allows for the purchase of e-bikes and modified bikes for the less abled.
- 5) Notes the success of schemes such as 'A Better Way to Work', funded by the Climate Challenge fund, which provide support to cycle to work, including route planning, buddying and cycle loan.
- 6) Therefore Council agrees that a report is brought to Policy and Sustainability Committee within one cycle, detailing how the new

scheme can be promoted to all staff and how the Council will actively support those members of staff who wish to cycle to work and/or use cycling as part of their chosen transport in work.”

9.4 By Councillor Cameron - Edinburgh South Community Football - 50th Anniversary

“Council warmly congratulates Edinburgh South Community Football Club on its 50th anniversary.

Originally established in 1969 by the late Mr Eddie Hobbs as Inch Boys Club Football Team, Edinburgh South Community Football Club as of today has over 60 teams and over 750 players of all ages and levels, and is truly an inclusive community football club, with a rapidly expanding girls’ section.

The club has already achieved SFA Community Status and this year, Edinburgh South CFC is on track to receive the (top) Platinum award.

In this, its 50th anniversary year, Council asks the Lord Provost to mark the sporting and community achievements of Edinburgh South CFC in an appropriate way.”

9.5 By Councillor McNeese-Mechan - St Andrew's Fair Saturday

“Council:

- 1) Recognises that Fair Saturday, a global cultural project with a social impact, will be celebrated in 2019 by a growing number of cities worldwide.
- 2) Notes that City of Edinburgh Council celebrated St Andrew’s Fair Saturday, which is Scotland’s contribution to the Fair Saturday movement, in 2018.
- 3) Agrees to work with Fair Saturday to become an official Fair Saturday city.
- 4) Requests a report to Culture and Communities Committee within 1 cycle, setting out how the Council can support and promote Edinburgh St Andrew’s Fair Saturday on 30 November 2019, a day devoted to culture, social causes and celebrating St Andrew’s Day.”

9.6 By the Lord Provost - Dunedin International Folk Dance Festival

“Council notes that:

- a) Dunedin Dancers was formed in 1970 by members of the Edinburgh University New Scotland Country Dance Society to provide reciprocal exchanges with other European Folk-Dance Festivals. It was named after the Gaelic name for Edinburgh – ‘Dùn Èideann’. The group have a

mix of older and young people who dance at many events and performances.

- b) Dunedin Dancers is a traditional dance group, with over 200 members, and meets weekly for social dancing, complemented by two informal dances and one formal ball per year. The group present a wide range of Scottish traditional dancing styles, including; Scottish Country Dancing, ceilidh, Scottish Step dancing, Highland and occasionally Ladies Step, performing at Church Hill Theatre, the Mound, and the Grassmarket.
- c) Dunedin Dancers also organises a City Biennial International Folk-Dance Festival. Established in 1971, the Festival provides an opportunity for traditional-folk-dancers from other countries, alongside those from the City, to showcase an international range of folk-dancing to new audiences. The 2019 Festival (14th – 20th July 2019) represents the 25th year of this biennial event, which will bring two folk-dance groups from Estonia and France, performing together with local Polish and Irish dancing groups and providing shared workshops in traditional dance culture.

In acknowledging the civic and cultural contribution of the Dunedin Dancers Biennial Festival, alongside the importance of growing the City's reach as the world's leading Festival City, in welcoming this international event, Council requests that the Lord Provost, marks the 25th anniversary in an appropriate way."

9.7 Lord Provost - Edinburgh Interfaith Association - 30th Anniversary

"Council notes that:

- a) Edinburgh Interfaith Association (EIFA) was officially formed in 1989 to "promote and facilitate positive engagement between the faith communities of our religiously and culturally diverse city."
- b) EIFA is Scotland's longest running interfaith charity and have a long history of working with and across the City's faith communities. Through dialogue and education, EIFA strives to make Edinburgh a more respectful and peaceful city.
- c) EIFA aims to promote religious and cultural harmony and diversity in Edinburgh by bringing peoples of all faiths together. The Association's broad range of initiatives help advance; (i) mutual understanding, trust, respect, co-operation and peace between the communities of Edinburgh, (ii) to advance the general level of awareness on interfaith and multicultural issues among the wider population, and (iii) educate, inform and provide a platform for engagement and understanding on

the diversity within religious and spiritual traditions and associated multi-cultural beliefs.

- d) EIFA has also facilitated the visits (and related events) to Scotland by eminent religious and spiritual leaders, including; The Venerable Thich Nhat Hanh, His Holiness The Dalai Lama, Bhai Sahib Mohinder Singh, Chief Rabbi David Rosen, Sir Joan Chittister, Archbishop Abuna Elias Chacour, and other distinguished persons such as Arun Gandhi, Prof Tariq Ramadan, Karen Armstrong, Nobel Prize winner Mairead Corrigan Maguire and many others.
- e) For over 20 years, regularly visit local schools, accompanied by representatives of religious or faith communities in Edinburgh, to offer talks on particular faiths or provide multi-faith panel discussions on moral, or spiritual/religious issues. In addition, the group organise and promote numerous public talks, formal and informal dialogues, panel events, film screenings, exhibitions, conferences on subjects such as Islamophobia and 'Science and Religion', and across a number of years, released a number of social commentary documentary films, including the 2014 'Faith and I' which witnessed the lives of three young women of faith, and the positive influence which faith had on their lives within the Sikh, Muslim and Jewish Traditions. This film was produced in response to the rise of anti-Islamic and anti-Semitic offences in 2012. The film has since been used in schools and universities in Edinburgh as an educational reference on religion and interfaith.
- f) In Celebrating Women, EIFA's 'Women of Faith' Dialogue Series, focusses on women in the diverse religious traditions who have inspired our communities and overcome boundaries, shining a light on women who are greatly admired, but often forgotten, by profiling amazing stories, in order to ensure that these women are no longer 'unsung.'
- g) Building upon EIFA's work in the Capital, and their international connections with other interfaith interests, in February 2019 delegates from across the UK and Europe gathered together at a conference at the City Chambers where the Lord Provost assisted in the official launch of a new Capital Cities Interfaith Network (CCIN).
- h) The CCIN will be vital in helping to promote interfaith understanding and relations which help maintain strong, open, peaceful and cohesive communities. Members of the Network hope that a mutual exchange of learning and best practice, will aid interfaith organisations to speak with a unified voice on issues that matter to them and their cities and communities. The CCIN is supported by Mairead McGuinness, First Vice President of the European Parliament, who recognises the importance of embracing and celebrating the increasing religious diversity of Europe.

- i) The Lord Provost is Patron of Edinburgh Interfaith Association.

In acknowledging the civic, equality, multi-cultural, inclusion, educational and international contributions of the Edinburgh Interfaith Association, Council requests that the Lord Provost marks the 30th anniversary in an appropriate way.”

9.8 By Councillor Munro - Leith Victoria Boxing Club

“Council congratulates Leith Victoria Boxing Club, Scotland’s oldest boxing club, who celebrate 100 years of the Noble Art in 2019. In appreciation of their significant contribution to amateur boxing, Council agrees to ask the Lord Provost to mark the occasion in the appropriate manner to thank the club.”

9.9 By Councillor Lang - Seafield Recycling Centre

- “1) Council recognises its responsibility to make it as easy as possible for residents to reuse and recycle their household waste, and the importance of local recycling centres in helping to meet this duty.
- 2) Council notes the new access arrangements which came into force in Seafield recycling centre on 3 June, which followed significant changes to the internal layout of the centre.
- 3) Council is concerned by the problems which arose following the new access arrangements, resulting in substantial delays at peak periods for those residents seeking to access the site and even the temporary closure of the centre because of road safety concerns on Seafield Road.
- 4) Council appreciates the work of officers in responding to the initial disruption by making adjustments to the internal operation of the site but recognises user complaints about delays in getting into the site have continued.
- 5) Council therefore agrees that the report on recycling centres, due before the September 2019 meeting of the Transport and Environment Committee, should be widened to cover:
 - (a) the reasoning and rationale for the new layout and access point at the Seafield Recycling Centre.
 - (b) feedback from staff and users of the site since the changes were made.
 - (c) what further options exist to make additional changes at the centre to reduce waiting times and increase the throughput of residents using the site.”

9.10 By Councillor Booth - Operation Close Pass – Collaboration

“Council:

- 1) notes recent research from British Cycling, based on 15,000 respondents, which found that almost 90% of cyclists experience a “close pass” – an overtake within 1.5m – at least weekly, 66% said they were concerned about their safety while cycling on Britain’s roads, and almost 40% said they experienced a close pass daily;
- 2) notes that in the West Midlands police area, since its launch in September 2015, the Operation Close Pass initiative has been credited with bringing about a 20 per cent reduction in the number of cyclists killed or injured on the roads;
- 3) Notes the original Operation Close Pass was developed by West Midlands Police following analysis of road safety data, and was part of a suite of measures to improve road safety for vulnerable road users, and that WMP are now considering extending the principle of Operation Close Pass to allow them to detect and act on other offences including seat belt, mobile phone and vehicle defect offences;
- 4) Welcomes the recent collaboration between Police Scotland and Cycling Scotland, which has seen Operation Close Pass exercises carried out throughout Scotland, including in Edinburgh, and awareness raising activity to encourage drivers to treat vulnerable road users with respect through the Give Everyone Cycle Space campaign.
- 5) Agrees to explore the option for collaboration between the police and the council on innovative approaches to road safety for vulnerable road users, extending the principle of Operation Close Pass, and to report back to Transport and Environment Committee on options within 3 cycles.”

9.11 By Councillor Whyte - 1.5% Budget Efficiency Savings

“Council:

- 1) Notes that the Administration budget committed to finding a 1.5% efficiency saving, reducing the spend on Council Services compared to last year.
- 2) Regrets the lack of public information on how this will be achieved, and the subsequent lack of scrutiny in Council or by local people on the impact of these efficiency savings.
- 3) Recognises that the Convener of Education, Children and Families Committee gave an undertaking that individual Head Teachers would

know the effect on devolved school budgets, if any, before the schools break for the summer.

- 4) Is concerned that almost a quarter of the financial year in which these savings have to be made has already passed.
- 5) Instructs the Chief Executive to prepare a report listing options so that Council can agree the required 1.5% savings target at its next meeting

9.12 By Councillor Burgess - International Campaign to Abolish Nuclear Weapons (ICAN) 'Cities Appeal'

"This Council:

- 1) Notes that the City of Edinburgh Council is a member of the Nuclear Free Local Authorities (NFLA) and the Hiroshima-led 'Mayors for Peace' both of which have been working for over 3 decades to promote multilateral nuclear disarmament;
- 2) Notes that NFLA and Mayors for Peace work with the International Campaign to Abolish Nuclear Weapons (ICAN), which received the Nobel Peace Prize in 2017 for its work in encouraging over two thirds of United Nations members to agree to the International Treaty to Prohibit Nuclear Weapons;
- 3) Notes ICAN's new 'Cities Appeal' which urges Councils to formally support the International Treaty to Prohibit Nuclear Weapons which has already been signed by a number of important global cities likes Hiroshima, Nagasaki, Sydney, Melbourne, Washington DC, Los Angeles, Geneva, Mainz, Trondheim, Zaragoza and in the UK, Manchester and Renfrewshire;
- 4) In supporting the Cities Appeal, is concerned about the grave threat that nuclear weapons pose to communities throughout the world, believes that our residents have the right to live in a world free from this threat, that any use of nuclear weapons, whether deliberate or accidental, would have catastrophic, far-reaching and long-lasting consequences for people and the environment and therefore welcomes the adoption of the Treaty on the Prohibition of Nuclear Weapons by the United Nations in 2017, and calls on the UK Government to join it;
- 5) Agrees that the Council Leader will write to ICAN to endorse their 'Cities Appeal' in support of the International Treaty to Prohibit Nuclear Weapons."

Laurence Rockey

Head of Strategy and Communications
The City of Edinburgh Council – 27 June 2019

Information about the City of Edinburgh Council meeting

The City of Edinburgh Council consists of 63 Councillors and is elected under proportional representation. The City of Edinburgh Council usually meets once a month and the Lord Provost is the Convener when it meets.

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

Further information

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

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

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

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

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The City of Edinburgh Council

Edinburgh, Thursday 30 May 2019

Present:-

DEPUTE CONVENER

Councillor Joan Griffiths

COUNCILLORS

Robert C Aldridge
Scott Arthur
Gavin Barrie
Eleanor Bird
Chas Booth
Claire Bridgman
Mark A Brown
Graeme Bruce
Steve Burgess
Lezley Marion Cameron
Ian Campbell
Jim Campbell
Kate Campbell
Mary Campbell
Maureen M Child
Gavin Corbett
Cammy Day
Alison Dickie
Denis C Dixon
Phil Duggart
Karen Doran
Scott Douglas
Catherine Fullerton
Neil Gardiner
Gillian Gloyer
George Gordon
Ashley Graczyk
Ricky Henderson
Derek Howie
Graham J Hutchison

Andrew Johnston
David Key
Callum Laidlaw
Kevin Lang
Lesley Macinnes
Melanie Main
John McLellan
Amy McNeese-Mechan
Adam McVey
Claire Miller
Max Mitchell
Joanna Mowat
Rob Munn
Gordon J Munro
Hal Osler
Ian Perry
Susan Rae
Alasdair Rankin
Cameron Rose
Neil Ross
Jason Rust
Stephanie Smith
Alex Staniforth
Mandy Watt
Susan Webber
Iain Whyte
Donald Wilson
Norman J Work
Louise Young

1 City of Edinburgh Climate Emergency Partnership – Motion by Councillor Burgess

a) Deputation- Transition Edinburgh, Extinction Rebellion Edinburgh and Scottish Youth Climate Strike

The deputation stressed that a radical change in approach to climate change was required now. They supported the proposal to create a City of Edinburgh Climate Emergency Partnership which they felt was a positive action towards reducing carbon and other greenhouse gas emissions which needed to be prioritised across all sectors.

The deputation urged the Council to consider setting up working groups with residents to weigh up the issues and add individuals voices into the Climate Emergency Partnership. They felt that collaboration between all affected groups would be on an unprecedented scale and welcomed the opportunity to work with the Council on this issue.

b) Motion by Councillor Burgess

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

“This Council;

- 1) Notes the decision by the Corporate Policy and Strategy Committee on 14 May 2019 to agree a Climate Emergency target of net-zero carbon by 2030;
- 2) Notes that for Edinburgh to achieve this target it will be beneficial for the City’s public bodies, businesses, institutions and organisations to work together and that this Council can play a key role in bringing these city-wide partners together;
- 3) Therefore agrees that the Council will approach potential partners with a view to establishing a City of Edinburgh Climate Emergency Partnership and requests a report back to the Corporate, Policy and Strategy Committee on the responses received and on taking this partnership forward.”

Decision

To approve the following adjusted motion by Councillor Burgess:

- 1) To note the decision by the Corporate Policy and Strategy Committee on 14 May 2019 to agree a Climate Emergency target of net-zero carbon by 2030.

- 2) To note that for Edinburgh to achieve this target it would be beneficial for the City's public bodies, businesses, institutions and organisations to work together and that this Council could play a key role in bringing these city-wide partners together.
- 3) To therefore agree that the Council would approach potential partners with a view to establishing a City of Edinburgh Climate Emergency Partnership as part of a range of potential mechanisms to deliver our climate target and request a report back to the Corporate Policy and Strategy Committee on the responses received and on taking this partnership forward.

2 Minutes

Decision

- 1) To approve the minute of the Special Meeting of Council of 12 May 2019 as a correct record.
- 2) To approve the minute of the Council of 12 May 2019 as a correct record.

3 Questions

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

4 Leader's Report

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

- Open streets initiative
- Climate change target
- Waste collections
- People's Survey result

The following questions/comments were made:

- | | |
|---------------------|---|
| Councillor Whyte | - Neighbourhood networks |
| Councillor Booth | - Action to tackle air quality in the City – Euro 5 Taxis |
| Councillor Aldridge | - Additional funding for the IJB |
| | - Revenue Budget Framework 2019/24 – Options for further cuts |

- Councillor Doran - Welcome to Woodland Trust to the Chambers - support
- Councillor Kate Campbell - Council approach to homelessness
- Councillor Cook - Future charging for uplift of garden waste
- Councillor Main - Four Seasons Health Care – Financial problems – unused care beds
- Councillor Lang - Financial plans
- Councillor Munro - Funding for Edinburgh – request to meet the finance minister to lobby for further funding for Edinburgh
- Councillor Work - EU membership
- Councillor Duggart - Carbon Emission – reduction in flights in and out of Edinburgh
- Councillor Burgess - Net Zero Carbon Target - 2030
- Councillor Rankin - Shared repairs service – positive feedback – Government legislation
- Councillor Hutchison - Council lets – condition of properties
- Councillor Cameron - Gratitude to David Martin former Councillor, MSP and MEP

5 Pensions Committee Appointments

Details were provided on the appointment of two non-councillor members to the Pensions Committee as required by the Local Government Pension Scheme.

Decision

To agree the appointment of John Anzani (member representative) and Richard Lamont (employer representative) as members of the Pensions Committee.

(Reference – report by the Chief Executive, submitted)

6 Review of Political Management Arrangements 2019

The Council had requested a further report on a re-alignment of its political management arrangement.

Details were provided on options for possible changes to the Council's political management arrangements.

Motion

- 1) Council agrees to change to Option A as the new political management arrangements to take effect from 5 August 2019.
- 2) Council notes that governance documentation will be submitted for approval to the next Council meeting on 27 June 2019.
- 3) Agrees the change to deputations included in paragraph 4.21 and delegate authority to the Chief Executive to make the required change in Procedural Standing Orders.
- 4) Agrees that a report be submitted to the next Corporate Policy and Strategy Committee (or successor) in August 2019 reviewing the number and nature of working groups.
- 5) Agrees to amend appointments and Senior Responsibility Allowances from existing arrangements as follows:
 - (i)
 - (a) To note the Regulatory Committee is a policy making committee and in addition to its workload requirements identified in the report, would justify the appointment of a Vice-Convener and therefore;
 - (b) introduces a new senior councillor position of Vice-Convener of the Regulatory Committee/Licensing Sub-Committee, at an allowance of £26,207 with effect from 31 May 2019 and appoint Councillor Dixon to that position.
 - (ii)
 - (a) notes the Licensing Board and Governance Risk and Best Value Committee are not currently policy making committees and therefore would not justify a Vice-Convener and therefore;
 - (b) does not appoint a new Licensing Board Vice-Convener and deletes the position of Governance Risk and Best Value Vice-Convener.

- (iii) Adjusts the Convener of Licensing Board's allowance to £32,758 with effect from 31 May 2019.
- (iv) Adjusts the Opposition Group Leader's allowances to £26,207 with effect from 31 May 2019.

- moved by Councillor McVey, seconded by Councillor Day

Amendment 1

Council:

Agrees:

- 1) That the changes outlined in Option A with some adjustments as outlined below would be most likely to improve the delivery of core services and allow the efficient streamlined decision making and scrutiny that is required to improve performance and deliver the necessary savings whilst ensuring basic services are delivered efficiently and effectively.
- 2) That the poor outcomes demonstrated at Agenda items 8.4 and 8.5 are partly explained by the ineffectiveness of the current political management arrangements and failures to take account of views across the Council and therefore justifies the changes outlined below.
- 3) Corporate Policy and Strategy Committee to be renamed the Corporate Policy, Strategy and Economy Committee and its membership increased to 17 comprising: 5 SNP, 5 Conservative, 3 Labour, 2 Green and 2 Liberal Democrat Councillors with the following remit:
 - a) All cross cutting strategic policy decisions to be taken in principle at this Committee to ensure a joined-up, city wide approach for decision making in the areas of its current remit and additionally:
 - b) Economic strategy to include tourism strategy;
 - c) Sustainability to ensure that all areas of the Council contribute to delivering carbon reduction and decisions in one area do not undermine other areas;
 - d) Regeneration projects;
 - e) Approval of the citywide Police and Fire Plans;
 - f) IJB partnership oversight and Strategic Planning;

- g) Strategic Transport Projects which have citywide or regional impacts;
 - h) Any project over £10 million capital cost.
- 4) Makes no change to the membership of the Finance and Resources and Education, Children and Families Committees except as per the responsibilities outlined in the remit for the Corporate Policy, Strategy and Economy Committee.
 - 5) Alters the remit of the Transport and Environment Committee as per the changes to Corporate Policy and Committee.
 - 6) Renames the Housing and Economy Committee the Housing, Homelessness and Fairwork Committee.
 - 7) Adds scrutiny of the services the Council is responsible for as part of the Health and Social Care Partnership to the remit of the Culture and Communities Committee.
 - 8) Alters the role and remits of Committees to take into consideration the changes to the Corporate Policy, Strategy and Economy Committee under the value of £10 million, scrutinise the delivery and performance of the services within the Committee's remit as per the annex to these papers which will improve the accountability of officers and focus attention on delivery of core services.
 - 9) Makes no changes to the membership and remit of the Planning, Regulatory and Governance, Risk and Best Value Committees and their sub committees except to include the Convener of the Planning Committee as a member of a Local Review Body.
 - 10) Senior Councillor Allowances:
 - Lord Provost Set by statute
 - Deputy Convener 50%
 - Leader of the council: Set by statute
 - Deputy Leader of the Council 75%
 - Convener TEC 60%
 - Convener C&F 60%
 - Convener H&E 60%
 - Convener C&C 60%
 - Convener F&R 60%

 - Planning Convener 60%

Council representative on Integrated Joint Board when appointed as:
Convener, or 60%
Vice Convener 50%

Leader Conservative Group 50%
4 x Conservatives member 40%
(if not already in receipt of a Senior Councillor Allowance)

Leader Green Group 50%
1 x Green member 40%
(if not already in receipt of a Senior Councillor Allowance)

Leader Lib Dem Group 50%
1 x Lib Dem member 40%
(if not already in receipt of a Senior Councillor Allowance)

GRBV Convener (member of opposition) 60%
Regulatory Convener 60%
Licensing Board Convener

- 11) Agrees to limit the overall Senior Councillor Allowances budget to a level 1.5% below last years' spend, reflecting the efficiency savings target Council services are being asked to achieve. Furthermore, this self-imposed reduction in the Senior Councillor Allowance will track all future savings targets outlined in Council budgets.
- 12) Notes the arrangements above is a total spend of £670,898.70, which achieves a saving of more than 1.5%.
- 13) Accepts 4.21 and 4.22 on Deputations and Working Groups.
- 14) Agrees to discontinue the current practice of Agenda Planning Meetings and instead introduce regular briefings to group representatives and independent Councillors in advance of executive committee meetings by senior officers.

- moved by Councillor Mowat, seconded by Councillor Whyte.

Amendment 2

- 1) To agree to support Option A and to support the SRA changes as written except for the changes written below.
- 2) To note that governance documentation will be submitted for approval to the next Council meeting on 27 June 2019.

- 3) To agree the change to deputations included in paragraph 4.21 and delegate authority to the Chief Executive to make the required change in Procedural Standing Orders.
- 4) To agree that a report be submitted to the next Corporate Policy and Strategy Committee (or successor) in August 2019 reviewing the number and nature of working groups.
- 5) To note that
 - a) The Edinburgh Integration Joint Board was responsible for the strategy and budget for Health and Social Care for Edinburgh.
 - b) The NHSL Board had appointed Angus McCann, NHSL Board Member as convener of the EIJB for the next 2 years.
 - c) The workload, legal duties and the political leadership of the Board would fall to Mr McCann from the end of June.

Therefore removes the allowance for EIJB convener from the Senior Councillor Remuneration.

- 6) To note that Council had appointed Councillor Ricky Henderson, Vice Convener by the EIJB. Therefore add the EIJB Vice-Convener with a Vice-Convener allowance to the Senior Councillor Remuneration.
- 7) To note that -
 - a) There was no justification given for two new vice convener positions, a Vice-Convener of the Licensing Board and Vice-Convener of Regulatory Committee, describing the special responsibilities required the post for which they would receive their allowance.
 - b) The Licensing Board had not set up the position of a Vice-Convener.
 - c) In 2017 Council appointed a Vice Convener of Governance, Risk and Best Value Committee, and that the holder of this post had not received a Vice-Convener allowance to date.
- 8) To agree not to create any new Vice-Conveners and agree to receive a report with justifications for new Vice-Conveners and recommendations for parity of remuneration in one cycle.

- moved by Councillor Mary Campbell, seconded by Councillor Booth.

Amendment 3

- 1) To agree option A subject to a further review after 12 months.
- 2) Otherwise to agree the report subject to the following adjustments:
 - a) That the position of vice convener of the Edinburgh Integration Joint Board be awarded an SRA at the same level as other vice conveners.
 - b) That the issue of potential SRAs for a Vice Convener of Regulatory, Vice Convener of Licensing Board and Vice Convener of Governance, Risk and Best Value Committee be continued for a report on the specific roles and responsibilities which would be expected of vice conveners in these positions to warrant the payment of any such special responsibility allowance, in line with the instructions of the Council meeting of 2 May 2019.
 - c) That, in considering SRAs at the next review in 2020, all vice convener positions be subject to evaluation of the role, workload and special responsibilities to ensure they reached a threshold to justify additional responsibility payments.

- moved by Councillor Aldridge, seconded by Councillor Lang

Voting

The voting was as follows:

For the Motion	-	26 votes
For Amendment 1	-	17 votes
For Amendment 2	-	8 votes
For Amendment 3	-	6 votes

(For the Motion: Councillors Griffiths (Depute Convener), Bird, Cameron, Ian Campbell, Kate Campbell, Child, Day, Dickie, Dixon, Doran, Fullerton, Gardiner, Gordon, Henderson, Howie, Key, Macinnes, McNeese-Mechan, McVey, Munn, Munro, Perry, Rankin, Watt, Wilson and Work.

For Amendment 1: Councillors Brown, Bruce, Jim Campbell, Cook, Doggart, Douglas, Hutchison, Johnston, Laidlaw, McLellan, Mitchell, Mowat, Rose, Rust, Smith, Webber and Whyte.

For Amendment 2: Councillors Booth, Burgess, Mary Campbell, Corbett, Main, Miller, Rae and Staniforth.

For Amendment 3: Councillors Aldridge, Gloyer, Lang, Osler, Neil Ross and Young

Abstentions: Councillors Barrie, Bridgman and Graczyk.)

There being no overall majority, Amendment 3 fell and a second vote was taken between the Motion and Amendments 1 and 2.

Voting

The voting was as follows:

For the Motion	-	26 votes
For Amendment 1	-	17 votes
For Amendment 2	-	14 votes

(For the Motion: Councillors Griffiths (Depute Convener), Bird, Cameron, Ian Campbell, Kate Campbell, Child, Day, Dickie, Dixon, Doran, Fullerton, Gardiner, Gordon, Henderson, Howie, Key, Macinnes, McNeese-Mechan, McVey, Munn, Munro, Perry, Rankin, Watt, Wilson and Work.

For Amendment 1: Councillors Brown, Bruce, Jim Campbell, Cook, Doggart, Douglas, Hutchison, Johnston, Laidlaw, McLellan, Mitchell, Mowat, Rose, Rust, Smith, Webber and Whyte.

For Amendment 2: Councillors Aldridge, Booth, Burgess, Mary Campbell, Corbett, Gloyer, Lang, Main, Miller, Osler, Rae, Neil Ross, Staniforth and Young.

Abstentions: Councillors Barrie, Bridgman and Graczyk.)

There being no overall majority, Amendment 2 fell and a third vote was taken between the Motion and Amendment 1.

Voting

The voting was as follows:

For the Motion	-	26 votes
For Amendment 1	-	23 votes

(For the Motion: Councillors Griffiths (Depute Convener), Bird, Cameron, Ian Campbell, Kate Campbell, Child, Day, Dickie, Dixon, Doran, Fullerton, Gardiner, Gordon, Henderson, Howie, Key, Macinnes, McNeese-Mechan, McVey, Munn, Munro, Perry, Rankin, Watt, Wilson and Work.

For Amendment 1: Councillors Aldridge, Brown, Bruce, Jim Campbell, Cook, Doggart, Douglas, Gloyer, Hutchison, Johnston, Laidlaw, Lang, McLellan, Mitchell, Mowat, Osler, Rose, Neil Ross, Rust, Smith, Webber, Whyte and Young.

Abstentions: Councillors Barrie, Booth, Bridgman, Burgess, Mary Campbell, Corbett, Graczyk, Main, Miller, Rae and Staniforth.)

Decision

To approve the motion by Councillor McVey.

(References – Act of Council No 14 of 7 February 2019; report by the Chief Executive, submitted.)

7 Added Members and Voting Rights on the Education, Children and Families Committee

The Council had agreed to seek external counsel advice on added members and voting rights on the Education, Children and Families Committee. This had confirmed that it was competent for the Council to confer or remove voting rights from the added members.

Motion

- 1) To note the legal position that it was within the Council's powers to confer or remove voting rights of added members on the Education, Children and Families Committee.
- 2) To delay determination of whether to add members and whether or not to remove voting rights of added members to the August sitting of Council, to allow time for a review of similar proposals being implemented by Perth and Kinross Council.
- 3) To ask officers to provide an update report for the meeting of the Council in August 2019 to include information on the outcomes of changes to voting rights of added members on the Education and Lifelong Learning Committee of Perth and Kinross Council.

- moved by Councillor Perry, seconded by Councillor Dickie

Amendment

- 1) To note the legal position that it was within the Council's powers to confer or remove voting rights of added members on the Education, Children and Families Committee.
- 2) To recognise the valuable contribution from all additional members on the committee but agree that these should be non-voting positions.

- 3) To offer the opportunity for young people to be represented on the Committee and ask Council officers to discuss with appropriate youth organisations what form this should take, and report back to the Education Children and Families Committee within two cycles.
- 4) To offer a second place on the Committee to a parent representative.
- 5) To note that if the parents or pupils accept the offered place on Committee, this would be subject to a further report to Full Council on any changes required to comply with the Local Government (Scotland) Act 1973.

- moved by Councillor Mary Campbell, seconded by Councillor Young

Voting

The voting was as follows:

For the motion	-	46 votes
For the amendment	-	14 votes

(For the motion: Councillors Griffiths (Depute Convener), Barrie, Bird, Bridgman, Brown, Bruce, Cameron, Ian Campbell, Jim Campbell, Kate Campbell, Child, Cook, Day, Dickie, Dixon, Doggart, Doran, Douglas, Fullerton, Gardiner, Gordon, Graczyk, Henderson, Howie, Hutchison, Johnston, Key, Laidlaw, Macinnes, McLellan, McNeese-Mechan, McVey, Mitchell, Mowat, Munn, Munro, Perry, Rankin, Rose, Rust, Smith, Watt, Webber, Whyte, Wilson and Work

For the amendment: Councillors Aldridge, Booth, Burgess, Mary Campbell, Corbett, Gloyer, Lang, Main, Miller, Osler, Rae, Neil Ross, Staniforth and Young.)

Decision

To approve the motion by Councillor Perry.

(References – Act of Council No 4 of 2 May 2019; report by the Chief Executive, submitted.)

8 Report of Pre-Determination Hearing – 2 Eastfield Road, Edinburgh (At Land 160 Metres North of) – referral from the Development Management Sub-Committee

The Development Management Sub-Committee had referred a report on an application for planning permission in principle, which was the subject of a pre-determination hearing under the procedures set out in the Town and Country Planning (Development Management Procedures) (Scotland) Regulations 2008, for decision.

Motion

To grant planning permission in principle subject to the conditions, reasons, informatives and legal agreements and notification to Scottish Ministers.

Conditions

1) Following this grant of planning permission in principle the first application for the approval of matters specified in conditions submitted to the Council, shall obtain approval for all strategic site infrastructure including:

- Open Space and Landscaping outwith the Development Plots;
- Public Realm (Tram Square and Link to Eastfield Road);
- Site Access (Details of all access points, the upgrading of Eastfield Road and the A8 dumbbells junction);
- Primary Access Roads (including the Gogar Link Road);
- Strategic Cycle Routes (to north of A8, to the eastern edge of the site within the Central Parkland and Eastfield Road); and
- Common SUDS and Flood Management Infrastructure.

These details shall include all matters relating to the setting out, formation, layout and implementation and shall be substantially in accordance with the principles established through the following plans and documents, as approved as part of the planning permission in principle:-

- Plan 02 - Estate Infrastructure;
- Plan 08 - Conceptual Masterplan - Landscape Framework;
- Plan 10 - Conceptual Masterplan - Movement and Access;
- Plan 12 - Conceptual Masterplan - SUDS Strategy;
- Plan 14 - Conceptual Masterplan - Estate Infrastructure and Landscape;
- IBG Phase 1 Masterplan, Development Guidance February 2019;
- IBG Phase 1 Masterplan, Plot Principles, March 2019; and
- IBG Phase 1 Masterplan, Implementation Strategy, February 2019.

The submission of details for the Strategic Site Infrastructure as outlined in condition 1 above shall be accompanied by a detailed Phasing and Implementation Plan, this shall be substantially based upon the principles established through the Implementation Strategy. This information shall include:

- Finalised Site Levels;
- Site Wide Tree Survey and Tree Constraints Plan;
- Flooding and Drainage Information; and
- Land Contamination.

- 2) No development shall be undertaken on sites, and no applications for the approval of matters specified in conditions (as required by condition 8 below) shall be submitted, until the matters outlined in condition one have been submitted. Any subsequent applications for the approval of matters specified in condition shall be submitted in accordance with the detailed strategic matters and phasing approved under condition one.
- 3) Any application for approval of matters specified in conditions (AMC application) made to the Council for any subsequent plot, or plots, within the planning permission in principle application (PPP application) site shall include a suitably updated version of the masterplan [implementation strategy] that identifies all previous AMC application consents and maintains the primacy of the class 4 business uses across the entirety of the application site.

All AMC applications shall be substantially in accordance with the requirements of the following approved documents:-

- Plan 02 - Estate Infrastructure;
 - Plan 03B - Plot Parameters - Development Parameters;
 - Plan 04B - Plot Parameters - Maximum Building Heights;
 - Plan 05A - Plot Parameters – Uses;
 - Plan 08 - Conceptual Masterplan - Landscape Framework;
 - Plan 10 - Concept Masterplan - Movement and Access;
 - Plan 12 - Conceptual Masterplan - SUDS Strategy;
 - Plan 14 - Conceptual Masterplan - Estate Infrastructure and Landscape;
 - IBG Phase 1 Masterplan, Development Guidance, February 2019;
 - IBG Phase 1 Masterplan, Plot Principles, March 2019; and
 - IBG Phase 1 Masterplan, Implementation Strategy, February 2019.
- 4) All further applications for approval of matters specified in conditions (AMC application) shall ensure that the overall development of the site shall be comprised of:
 - a minimum overall floorspace of class 4, 'business' uses of 58% of that development;
 - a maximum floorspace of class 7, 'hotel' uses of 40,388 square metres;
 - a maximum of 396 residential units comprised of either, townhouses (class 9 residential) or flatted residential units (*sui-generis* use); and
 - other ancillary uses comprised of: class 1, 'retail'; class 2, 'financial and professional services'; class 3, 'food and drink'; class 10, 'non-residential institution'; and class 11, 'assembly and leisure'; of a maximum of 5,439 square metres or 2% of the overall development of the site.

- 5) Any proposed development of classes 1, 2 or 3 shall be limited to a maximum individual unit size of 250 square metres. Any proposals in excess of this size shall be required to demonstrate compliance with the retail policies of the relevant Local Development Plan, through the submission of supporting information.
- 6) Any proposed individual unit for use within classes 10 or 11 shall be limited in size to 1,500 square metres.
- 7) Each AMC relating to phased sub sections or individual plots, must be submitted to demonstrate; a) the relationship with the approved masterplan context and planning permission in principle; b) where the development plot is proposed to be phased, design proposals should demonstrate the relationship with the context of the wider plot; and c) proposed disposition of uses within the plot, as relevant to the particular submission.
- 8) Prior to the commencement of works on each site for each phases of development, the details of under-noted matters shall be submitted to and approved in writing by the Planning Authority, in the form of a detailed layout of that phase of the site and include detailed plans, sections and elevations of the buildings and all other structures, including finished site levels. Each application for the development for phased sub sections or individual plots shall be supported by an updated Landscape and Visual Impact Assessment (LVIA) and shall demonstrate a range of building heights as per the principles outlined in the LDP and WESDF.

No building or structure shall exceed the maximum heights as depicted in Plan 04B - Plot Parameters - Maximum Building Heights. Buildings should be designed to achieve a range of heights from 4 storeys (12-22 metres AGL) to 8 storeys (24-38 metres AGL) to ensure a good quality townscape is created and that reasonable levels of sunlight and daylight are achieved, particularly to adjacent areas of public realm and open space. Visual impacts arising from building heights and the articulation of roofscape must also be considered.

Approval of Matters:

- (a) details of the siting, design and height of development, including design of all external features and glazing specifications (including acoustic capabilities);
- (b) design and configuration of public and open spaces, all external materials and finishes, and details of the play equipment associated with residential;
- (c) car, motorcycle and cycle parking, access, road layouts and alignment, including a Stage 2 Quality Audit, classification of streets, servicing

areas, street lighting and electric charging points, further transport information:

- (d) footpaths and cycle routes, including proposed multi-use paths and the signage of pedestrian and cycle access links, including lighting details;
- (e) waste management and recycling facilities;
- (f) surface water management plan and Sustainable Drainage Scheme (SuDS);
- (g) site investigation/decontamination arrangements;
- (h) full details of sustainability measures in accordance with Edinburgh

Standards for Sustainable Building;

- (l) hard and soft landscaping details, including:
 - (i) boundary treatments (overall site and individual plots);
 - (ii) walls, fences, gates and any other boundary treatments;
 - (iii) the location of new trees, shrubs and hedges;
 - (iv) a schedule of plants to comprise species, plant size and proposed number/density;
 - (v) programme of completion and subsequent maintenance;
 - (vi) existing and proposed services such as cables, pipelines, substations;
 - (vii) other artefacts and structures such as street furniture, including lighting columns and fittings, and play equipment;
 - (viii) details of phasing of these works; and
 - (ix) existing and finished ground levels in relation to Ordnance Datum.

- 9) No demolition or any other form of development shall take place on the site until the applicant has secured the implementation of a programme of archaeological work (including excavation, reporting and analysis, publication, interpretation, public engagement) in accordance with a written scheme of investigation which has first been submitted to and approved by the Planning Authority.
- 10) No development shall take place on the site until the applicant has secured the preservation and/or conservation of the former RAF Turnhouse, World War II era pill box in accordance with a conservation design which has first been submitted to and approved by the Planning Authority.
- 11) No development shall take place until:
 - (a) A site survey (including intrusive investigation where necessary) must be carried out to establish, either that the level of risk posed to human health and the wider environment by contaminants in, on or under the land is acceptable, or that remedial and/or protective measures could be undertaken to bring the risks to an acceptable level in relation to the development; and

- (b) Where necessary, a detailed schedule of any required remedial and/or protective measures, including their programming, must be submitted to and approved in writing by the Planning Authority.

Any required remedial and/or protective measures, identified by the site survey shall be implemented in accordance with the approved schedule and documentary evidence to certify those works shall be provided, for the approval of the Planning Authority, before the commencement of any construction works on the site.

- 12) No development shall commence on any residential plot until an acoustic scheme for the protection of the proposed residential development from transport and commercial noise (proposed and existing) has been submitted to and approved in writing by the Planning Authority. That acoustic scheme shall include full details of any proposed acoustic glazing or barrier(s) and, thereafter, all works, which form part of the approved acoustic scheme, shall be completed on site to the satisfaction of the Planning Authority before any part of the residential development is first occupied.
- 13) The applicant must prepare and identify all existing and proposed Surface Water Flow Paths on drawings, based upon the findings of the Flood Risk Assessment, including updated proposed site levels. By taking the post-development arrangement include runoff from outwith the site, from unpaved areas within the site, and from paved areas in events which would exceed the capacity of the drainage system.

The drainage strategy shall be designed in accordance with the following standards:-

- The construction industry research and information association (CIRIA), 'Sustainable Drainage System Manual', C753;
 - Scottish Water's, Sewers for Scotland, version 4; in terms of specification for the design, construction and vesting of new sewerage infrastructure assets; and
 - Micro drainage calculations to support the site showing no flooding during the 1:200 year, plus a 30% climate change event, when calculating attenuation storage on the site.
- 14) No development shall take place on the site until a Construction Environmental Management Plan: Biodiversity & Landscape (CEMP), has been submitted to and approved by the Planning Authority. The CEMP should include mitigation as detailed in the Environmental Statement, Chapter 4. (Table 4-7 Summary of Effects Table Ecology and Nature Conservation) and including updates as appropriate, from the report: "Edinburgh International Business Gateway, Ecological Baseline Review, WSP, v2.0 November 2018".

It should also clearly link to the relevant elements of the proposed landscaping plans, which forms part of the proposed ecological mitigation. Thereafter, the CEMP shall be adhered to in full throughout the duration the construction phase of the proposed development.

- 15) All further applications for approval of matters specified in conditions (AMC application) shall comply with the provisions as set out associated in the Air Quality Assessment report (as amended) (March 2018) and to provide further plot specific details in order to suitably reduce air quality assessment levels changes to a minimum in accordance with the Council's Air Quality Action Plan.
- 16) Development shall not commence until a Bird Hazard Management Plan has been submitted to and approved in writing by Edinburgh Airport and the Planning Authority. The submitted plan shall include details of:
 - Monitoring of any standing water within the site temporary or permanent; Sustainable Drainage Schemes (SuDS) - Such schemes shall comply with Advice Note 3 'Wildlife Hazards' (available at: <http://.aoa.org.uk/policy-campaigns/operations-safety/>) ;
 - Management of any flat/shallow pitched/green roofs on buildings within the site which may be attractive to nesting, roosting and "loafing" birds. The management plan shall comply with Advice note 3 'Wildlife Hazards';
 - Reinstatement of grass areas
 - Maintenance of planted and landscaped areas, particularly in terms of height and species of plants that are allowed to grow;
 - Which waste material can be brought onto the site/what if any exceptions, e.g. green waste;
 - Monitoring of waste imports (although this may be covered by the site licence);
 - Physical arrangements for the collection (including litter bins) and storage of putrescible waste, arrangements for and frequency of the removal of putrescible waste; and
 - Signs deterring people from feeding the birds.

The Bird Hazard Management Plan shall be implemented as approved by Edinburgh Airport and the Planning Authority, on completion of development and shall remain in force for the life of the development. No subsequent alterations to the plan are to take place unless first submitted to and approved by the Planning Authority.

- 17) No development shall take place until full details of soft and water landscaping works have been submitted to and approved in writing by the Planning Authority, details must comply with Advice Note 3 'Potential Bird Hazards from

Amenity Landscaping & Building Design' (available at: <http://www.aoa.org.uk/operationssafety/>). These details shall include:

- (i) any earthworks;
- (ii) grassed areas;
- (iii) the species, number and spacing of trees and shrubs;
- (iv) details of any water features;
- (v) drainage details including Sustainable Drainage Schemes (SuDS) – Such schemes must comply with Advice Note 6 'Potential Bird Hazards from SuDS (available at: <http://www.aoa.org.uk/policy-safeguarding.htm>) ; and
- (vi) others that the applicant or the Planning Authority may specify and having regard to Advice Note 3: Potential Bird Hazards from Amenity Landscaping and Building Design and Note 6 on SuDS].

No subsequent alterations to the approved landscaping scheme are to take place unless submitted to and approved in writing by the Planning Authority. The scheme shall be implemented as approved.

- 18) Development shall not commence until details of the Sustainable Drainage Schemes (SuDS) have been submitted to and approved in writing by the Planning Authority. Details must comply with Advice Note 6 'Potential Bird Hazards from SuDS'. The submitted Plan shall include details of:
- (i) attenuation times;
 - (ii) profiles & dimensions of water bodies; and
 - (iii) details of marginal planting.

No subsequent alterations to the approved SuDS scheme are to take place unless first submitted to and approved in writing by the Planning Authority. The scheme shall be implemented as approved.

- 19) No development shall take place on the site until a Construction Environmental Management Plan (CEMP): relating to Noise, has been submitted to and approved by the Planning Authority. Thereafter, the CEMP shall be adhered to in full throughout the duration the construction phase of the proposed development.

Reasons:-

- 1) In order to enable the planning authority to consider this/these matter/s in detail.
- 2) In order to enable the planning authority to consider this/these matter/s in detail.

- 3) In order to enable the planning authority to consider this/these matter/s in detail.
- 4) In order to allow the planning authority to suitably control the future development of the site ensuring a primacy of class 4, 'business' uses.
- 5) In order to allow the planning authority to suitably control the future development of the site ensuring a primacy of class 4, 'business' uses.
- 6) In order to enable the Head of Planning to consider this/these matter/s in detail.
- 7) In order to enable the planning authority to consider this/these matter/s in detail.
- 8) In order to enable the Head of Planning to consider this/these matter/s in detail.
- 9) In order to accord with the statutory requirements of the Town and Country Planning (Scotland) Act 1997 and to enable the Planning Authority to consider these matters in detail.
- 10) In order to safeguard the interests of archaeological heritage.
- 11) In order to safeguard the interests of archaeological heritage.
- 12) In order to ensure that the site is suitable for redevelopment, given the nature of previous uses/processes on the site.
- 13) In order to safeguard the amenity of neighbouring residents and other occupiers.
- 14) To ensure sustainable flood risk management is adopted in the long term development of the site, so as to identify and prevent any significant re-direction of surface flows to surrounding land and surface water flow towards neighbouring property entrances.
- 15) In order to ensure that the construction and development phases of the site works are undertaken in so as to mitigate its impact on and to protect the existing biodiversity and landscape of the site and its immediate surroundings.
- 16) In order to suitably address air quality matters resulting from the proposed development, specifically on sensitive receptors and to reduce emissions generated by traffic generated by the development of the site.

- 17) It is necessary to manage the development in order to minimise its attractiveness to birds which could endanger the safe movement of aircraft and the operation of Edinburgh Airport.
- 18) To avoid endangering the safe movement of aircraft and the operation of Edinburgh Airport through the attraction of birds and an increase in the bird hazard risk of the site.
- 19) In order to safeguard the amenity of neighbouring residents and other occupiers.

Informatives

It should be noted that:

- 1) No development shall take place on the site until a 'Notice of Initiation of Development' has been submitted to the Council stating the intended date on which the development is to commence. Failure to do so constitutes a breach of planning control, under Section 123(1) of the Town and Country Planning (Scotland) Act 1997.
- 2) As soon as practicable upon the completion of each phase of the development of the site, as authorised in the associated grant of permission, a Notice of Completion of Development' must be given, in writing to the Council.
- 3) A legal agreement is required to cover the following matters:

A minimum 25% of the total units (99 homes) should be secured on-site as approved affordable housing tenures through legal agreement. The applicant is in agreement to this requirement. This aspect of the proposal would address the requirements of LDP Policy Hou 6, Affordable Housing.

Education

The required contribution should be based on established 'per house' and 'per flat' contribution figures set out below and secured through legal agreement:-

Flats £3,216 (infrastructure) £476 (land)

Houses £16,186 (infrastructure) £2,042 (land)

The infrastructure contribution element will be index linked and the land contribution will not.

Transport

The application is located within the West Edinburgh Transport Contribution Zone- the following mitigation measures to be delivered by the applicant:

- 1) Walking/cycling infrastructure - completing the missing link from IBG to the RBS junction
- 2) Public transport infrastructure - dedicated bus lanes around the Eastfield Road dumbbells;
- 3) Road infrastructure - dualling of Eastfield Road to the IBG Northern Access, improvements to the dumbbells and westbound off-slip; and
- 4) Intelligent transport systems - MOVA is a strategy for the control of traffic light systems, proposed to be implemented at Newbridge, Eastfield Road dumbbells, Gogar + Maybury in addition to Eastfield Road dualling works.

Edinburgh Tram

Transport have requested that a contribution to the Edinburgh Tram be sought in line with the LDP Supplementary Guidance. The calculated sum based on the current development proposals is £13,172,090.

The sum is to be indexed as appropriate and the use period to be 10 years from the date of final payment.

Health Care

The Supplementary Guidance identifies new practice accommodation as part of a Health Centre to mitigate impact of new residential development in West Edinburgh (this includes Maybury, South Gyle, Edinburgh Park and IBG).

A sum of £1,050 per dwelling ($\text{£}4\text{m}/8,000 = \text{£}500$ per patient) will be payable in relation to the residential development.

- 4) Should the applicant wish to construct greater than 1,000 car parking spaces then a 'Controlled Activities Regulation (CAR) Authorisation' will be required from the Scottish Environmental Protection Authority (SEPA). The applicant should seek the necessary authorisation at an appropriate time in the design process in order to accommodate SEPA's comments and potential requirements.
- 5) All car parking, where not controlled private off-street parking, will be subject to control as part of the West Edinburgh Controlled Parking Zone (CPZ). Suitable Traffic Order(s) will require to be promoted and implemented at no cost to the Council.

- 6) All accesses must be open for use by the public in terms of the statutory definition of 'road' and require to be subject of applications for road construction consent. The extent of adoptable roads, including footways, footpaths, accesses, cycle tracks, verges and service strips to be agreed. The applicant should note that this will include details of lighting, drainage, Sustainable Urban Drainage, materials, structures, layout, car and cycle parking numbers including location, design and specification. Particular attention must be paid to ensuring that refuse collection vehicles are able to service the site. The applicant is recommended to contact the Council's waste management team to agree details. The Council will expect to adopt any road constructed under a road construction consent.
- 7) The applicant must be informed that any proposed on-street parking spaces cannot be allocated to individual properties, nor can they be subject of sale or rent. The spaces will form part of the road and as such will be available to all road users. Private enforcement is illegal and only the Council as roads authority has the legal right to control on-street spaces, whether the road has been adopted or not. The developer is expected to make this clear to prospective residents.
- 8) All disabled persons parking bays should comply with the Disabled Persons Parking Places (Scotland) Act 2009. The Act places a duty on the local authority to promote proper use of parking places for disabled persons' vehicles. The applicant should therefore advise the Council if he wishes the bays to be enforced under legislation. A contribution of £2,000 will be required to progress each necessary traffic order but this does not require to be included in any legal agreement. All disabled persons parking places must comply with Traffic Signs Regulations and General Directions 2016 regulations of British Standards 8300:2009 as approved.
- 9) Electric vehicle charging outlets should be considered for this development including dedicated parking spaces with charging facilities to be readily accommodated in the future. For residential land uses, passive provision to be provided as a minimum, including ducting and infrastructure such that charging points can be readily accommodated in the future.
- 10) The proposed site is on or adjacent to the operational Edinburgh Tram. Therefore, the applicant shall consult with Edinburgh Trams regarding construction timing. This is due to the potential access implications of construction/delivery vehicles and likely traffic implications as a result of diversions in the area which could impact delivery to, and works at, the site. Tram power lines are over 5 metres above the tracks and do not pose a danger to pedestrians and motorists at ground level or to those living and working in the vicinity of the tramway. However, the applicant should be informed that there are potential dangers and, prior to commencing work near

the tramway, a safe method of working must be agreed with Edinburgh Trams and authorisation to work obtained. Authorisation is needed for any of the following works either on or near the tramway:

- Any work where part of the site such as tools, materials, machines, suspended loads or where people could enter the Edinburgh Tram Hazard Zone. For example, window cleaning or other work involving the use of ladders;
- Any work which could force pedestrians or road traffic to be diverted into the Edinburgh Trams Hazard Zone;
- Piling, using a crane, excavating more than 2 metres or erecting and dismantling scaffolding within 4 metres of the Edinburgh Tram Hazard Zone (depending upon the extent of the proposed works, a separate Asset Protection Agreement may be required to be agreed);
- Any excavation within 3 metres of any pole supporting overhead lines;
- Any work on sites near the tramway where vehicles fitted with cranes, tippers or skip loaders could come within the Edinburgh Trams Hazard Zone when equipment is in use;
- The Council and Edinburgh Trams has issued guidance to residents and businesses along the tram route and to other key organisations who may require access along the line. See the full guidance on how to get permission to work near a tram way:
<http://edinburghtrams.com/information/working-around-trams>

- 11) Cranes: Given the nature of the proposed development it is possible that a crane may be required during its construction. We would, therefore, draw the applicant's attention to the requirement within the British Standard Code of Practice for the safe use of Cranes, for crane operators to consult the aerodrome before erecting a crane in close proximity to an aerodrome. This is explained further in Advice Note 4, 'Cranes and Other Construction Issues' (available at: <http://www.aoa.org.uk/operations-safety/>)
- 12) Lighting: The development is close to the aerodrome and the approach to the runway. We draw attention to the need to carefully design lighting proposals. This is further explained in Advice Note 2, 'Lighting near Aerodromes' (available at: <http://www.aoa.org.uk/operations-safety/>). Please note that the Air Navigation Order 2005, Article 135 grants the Civil Aviation Authority power to serve notice to extinguish or screen lighting which may endanger aircraft.
- 13) The Bird Hazard Management Plan must ensure that flat/shallow pitched roofs be constructed to allow access to all areas by foot using permanent fixed access stairs, ladders or similar. The owner/occupier must not allow gulls, to nest, roost or loaf on the building. Checks must be made weekly or sooner if bird activity dictates, during the breeding season. Outside the breeding

season gull activity must be monitored and the roof checked regularly to ensure that gulls do not utilise the roof. Any gulls found nesting, roosting or loafing must be dispersed by the owner/occupier when detected or when requested by Edinburgh Airport Airside Operations staff. In some instances it may be necessary to contact Edinburgh Airport Airside Operations staff before the bird dispersal takes place. The owner/occupier must remove any nests or eggs found on the roof.

- 14)
 - (a) All mobile plant introduced onto the site shall comply with the emission limits for off road vehicles as specified by EC Directive 97/68/EC. All mobile plant shall be maintained to prevent or minimise the release of dark smoke from vehicle exhausts. Details of vehicle maintenance shall be recorded.
 - (b) The developer shall ensure that the risk of dust annoyance from the operations is assessed throughout the working day, taking account of wind speed, direction, and surface moisture levels. The developer shall ensure that the level of dust suppression implemented on site is adequate for the prevailing conditions. The assessment shall be recorded as part of the documented site management procedures.
 - (c) Internal un-surfaced temporary roadways shall be sprayed with water at regular intervals as conditions require. The frequency of road spraying shall be recorded as part of documented site management procedures.
 - (d) Surfaced roads and public road during all ground works shall be kept clean and swept at regular intervals using a road sweeper as conditions require. The frequency of road sweeping shall be recorded as part of documented site management procedure.
 - (e) All vehicles operating within the site on un-surfaced roads shall not exceed 15mph to minimise the re-suspension of dust.
 - (f) Where dust from the operations are likely to cause significant adverse impacts at sensitive receptors, then the operation(s) shall be suspended until the dust emissions have been abated. The time and duration of suspension of working and the reason shall be recorded.
 - (g) The dust management plan shall be reviewed monthly during the construction project and the outcome of the review shall be recorded as part of the documented site management procedures.
 - (h) No bonfires shall be permitted.
- 15) Applicant's attention is drawn to the EIA Noise Assessment report (sections 3.7.12 and 3.7.13) - regard shall be had to noise in the development of the residential layout - to ensure that noise issues are satisfactorily addressed. Noise assessment should be prepared on a per plot basis, this being prepared to take cognisance of the EIA findings. Regard shall be had to noise issues in the development of layouts for residential development. The applicants

attention is drawn to - Refer to EIA Addendum - Supplementary Environmental Information - Noise, March 2018 - 3.7.12 and 3.7.13) - Where such screening measures are incorporated, they will need to be imperforate, continuous, sealed at the base and selected to be compliant with B2 specification (or better) as defined within BS EN1793-2:2012: Road traffic noise reducing devices. Test Method for determining the acoustic performance. Intrinsic characteristics of airborne sound insulation under diffuse under sound field conditions.

- 16) No development shall take place in relation to Plot 8 until the Sustainable urban Drainage Scheme (SuDS) pond, situated to the north of the Park and Ride Site (also serving the Park and Ride Site), has been relocated at a position to be agreed with the Council. This is to ensure that the capacity of the existing SuDS scheme is maintained in a suitable location.

- moved by Councillor Gardiner, seconded by Councillor Child

Amendment

Council:

- 1) notes the recommendation of the Development Management Sub-Committee on a planning application, which was the subject of a pre-determination hearing under the procedures set out in the Town and Country Planning (Development Management Procedures) (Scotland) Regulations 2008, to grant planning permission in principle for the reasons outlined in the report by the Chief Planning Officer;
- 2) nonetheless, agrees to refuse planning permission in principle for the following reasons:
 - 2.1) the application is contrary to policy Tra 1 Location of Major Travel Generating Development of the Local Development Plan, paragraphs a, b and c, in that the applicant has not demonstrated the suitability of the proposal regarding accessibility for modes other than car, has not demonstrated the contribution the proposal makes to achieving the Local Transport Strategy objectives, and has not given due regard to the impact of any travel demand generated by the new development on the existing road and public transport networks;
 - 2.2) the application is contrary to policy Tra 8 Provision of Transport Infrastructure, of the Local Development Plan, and paragraphs 10.5 and 11.3.1 of the West Edinburgh Transport Appraisal refresh (WETA), in that an appropriate transport assessment has not been carried out;

2.3) the application is contrary to policy Env 22 Pollution and Air, Water and Soil Quality, in that the application will contribute to the growth of Edinburgh Airport, and will therefore increase emissions of climate-changing pollution;

3) agrees to refer the decision to Scottish Ministers

- moved by Councillor Booth, seconded by Councillor Work

Voting

The voting was as follows:

For the motion	-	49 votes
For the amendment	-	9 votes

(For the motion: Councillors Griffiths (Depute Convener), Aldridge, Barrie, Bird, Bridgman, Brown, Bruce, Cameron, Ian Campbell, Kate Campbell, Child, Cook, Day, Dickie, Dixon, Doggart, Doran, Douglas, Fullerton, Gardiner, Gloyer, Gordon, Graczyk, Henderson, Hutchison, Johnston, Key, Laidlaw, Lang, Macinnes, McLellan, McNeese-Mechan, McVey, Mitchell, Mowat, Munn, Munro, Osler, Perry, Rankin, Rose, Neil Ross, Rust, Smith, Watt, Webber, Whyte, Wilson and Young.

For the amendment: Councillors, Booth, Burgess, Mary Campbell, Corbett, Main, Miller, Rae, Staniforth and Work.

Abstentions: Councillors Jim Campbell and Howie.)

Decision

To approve the motion by Councillor Gardiner.

(References – Development Management Sub- Committee 8 May 2019 (item 2): referral from the Development Management Sub-Committee, submitted.)

Declaration of Interests

Councillor Lang declared a non-financial interest in the above item as a member of the Edinburgh Airport Consultative Committee.

9 Revenue Budget Framework 2019/24 – Progress Update – referral from the Finance and Resources Committee

The Finance and Resources Committee had referred a report on the update position on work being undertaken in regard to the revenue budget to address the action across four main areas, to the Council for ratification.

Motion

- 1) To agree the provisional 2018/19 outturn earmarking up to £5m from the Council Priorities Fund as an additional contribution to the 2019/20 budget, pending development of sustainable measures to address this savings requirement on a recurring basis.
- 2) To approve the changes to building fees for site inspections and completion of work certificates as set out in Appendix 7 with effect from 1 July 2019.
- 3) To approve use of Spend to Save funding of £0.153m to take forward the 3G pitch improvements at Leith Academy.

- moved by Councillor Rankin, seconded by Councillor Cameron

Amendment 1

- 1) To agree the provisional 2018/19 outturn earmarking up to £5m from the Council Priorities Fund as an additional contribution to the 2019/20 budget, pending development of sustainable measures to address this savings requirement on a recurring basis.
- 2) To reject the proposal to approve the increase in charges to building fees for site inspections and completion of work certificates as set out in Appendix 7 to the report by the Executive Director of Resources, with effect from 1 July 2019 and instruct the Executive Director of Resources to report back to Committee on fee charges.
- 3) To approve use of Spend to Save funding of £0.153m to take forward the 3G pitch improvements at Leith Academy.

- moved by Councillor Johnston, seconded Councillor Hutchison

Amendment 2

- 1) To agree the provisional 2018/19 outturn earmarking up to £5m from the Council Priorities Fund as an additional contribution to the 2019/20 budget, pending development of sustainable measures to address this savings requirement on a recurring basis.
- 2) To agree that Appendix 5 to the report by the Executive Director of Resources – listing examples of budget options in other councils – had no status in relation to approaches to be considered by this council and that budget options to address the revenue budget framework gap would be brought to Finance and Resources Committee on 15 August 2019.

- 3) To approve use of Spend to Save funding of £0.153m to take forward the 3G pitch improvements at Leith Academy.

- moved by Councillor Corbett, seconded by Councillor Main

In accordance with Standing Order 21(11), Amendment 2 was accepted as an addendum to the motion.

Voting

The voting was as follows;

For the motion (as adjusted)	-	43 votes
For the amendment	-	17 votes

(For the motion (as adjusted): Councillors Griffiths (Depute Convener), Aldridge, Barrie, Bird, Booth, Bridgman, Burgess, Cameron, Ian Campbell, Kate Campbell, Mary Campbell, Child, Corbett, Day, Dickie, Dixon, Doran, Fullerton, Gardiner, Gloyer, Gordon, Graczyk, Henderson, Howie, Key, Lang, Macinnes, McNeese-Mechan, McVey, Main, Miller, Munn, Munro, Osler, Perry, Rae, Rankin, Neil Ross, Staniforth, Watt, Wilson, Work and Young.

For the amendment: Councillors Brown, Bruce, Jim Campbell, Cook, Doggart, Douglas, Hutchison, Johnston, Laidlaw, McLellan, Mitchell, Mowat, Rose, Rust, Smith, Webber and Whyte.)

Decision

To approve the following adjusted motion by Councillor Rankin:

- 1) To agree the provisional 2018/19 outturn earmarking up to £5m from the Council Priorities Fund as an additional contribution to the 2019/20 budget, pending development of sustainable measures to address this savings requirement on a recurring basis.
- 2) To approve the changes to building fees for site inspections and completion of work certificates as set out in Appendix 7 with effect from 1 July 2019.
- 3) To approve use of Spend to Save funding of £0.153m to take forward the 3G pitch improvements at Leith Academy.
- 4) To agree that Appendix 5 to the report by the Executive Director of Resources – listing examples of budget options in other councils – had no status in relation to approaches to be considered by this council and that budget

options to address the revenue budget framework gap would be brought to Finance and Resources Committee on 15 August 2019.

(References – Finance and Resources Committee 23 May 2019; referral from the Finance and Resources Committee, submitted.)

10 2018 Edinburgh People Survey

The Corporate Policy and Resources Committee had referred a report on the 2018 Edinburgh People Survey to the Council for consideration.

Motion

- 1) To note the findings of the 2018 Edinburgh People Survey.
- 2) To note that briefings had taken place with the Corporate Leadership Team and results were being rolled out to Senior Management Teams. To also note that services were expected to mainstream any actions taken in response to the Edinburgh People Survey findings as part of the strategic planning framework.

- moved by Councillor McVey, seconded by Councillor Day

Amendment 1

Council:

- 1) Notes the reports by the Chief Executive on the 2018 Edinburgh People Survey Headline Results and Local Government Benchmarking Framework 2017/2018 – Edinburgh Overview (see also item 11) and express concern that:
 - a) The 2018 People's Survey once again highlights increasing dissatisfaction amongst Edinburgh residents with core services provided to all residents and the results particularly:
 - (i) Road maintenance, pavements/footpaths, street cleaning, rubbish collection and recycling, vandalism and graffiti, antisocial behaviour and dog fouling have shown a downward trend and that this has been consistent over the last seven years of SNP/Labour run Administrations and that, most strikingly only 35% of participants felt the Council provided value for money and only 36% felt that they have a say on local issues and services.
 - b) Within the Local Government Benchmarking Framework the Council was in the bottom half of Scottish Council performance more than half of the indicators (44 of 75), that this is a worsening position over time

(36 of 75 in 2016/17) and that the number of indicators in the bottom half had increased across all the LGBF themes except Corporate services and that, once again, there are particularly poor scores on measures that relate to public satisfaction with services.

- 2) Considers that this was the result of a number of years where successive SNP/Labour Administrations had failed to properly prioritise service performance, improvement, benchmarking and Best Value to the detriment of Edinburgh citizens and the services they received.
- 3) Agrees that Edinburgh citizens deserved better and that as a large, City-based Council, Edinburgh should be using its scale and operational base to provide Scotland-leading services and further seeking to improve towards best practice on each service as measured in the UK and beyond.
- 4) To therefore instruct the Chief Executive to draw up a Comprehensive Improvement Plan setting out how the Council could achieve service standards across all services that met the Council's own SMART targets, achieved top half performance amongst Scottish Councils across all indicators and that identified measures of performance against recognised best practice.

The Comprehensive Improvement Plan should be presented to the Council within two cycles and must include specific timescales within which service improvements would be made along with plans to implement these which would be made available to be scrutinised at Council Executive Committees.

The plan should also clearly demonstrate how Council services will provide better value for money, anticipating improvement in that metric to at least 50% satisfaction by the time of the next survey.

- moved by Councillor Whyte, seconded by Councillor Doggart

Amendment 2

To delete the recommendations and insert:

- 1) Council is concerned that, whilst resident satisfaction with the City as a place to live and certain areas of Council performance was high, there were too many examples where resident's satisfaction with Council performance had declined significantly, for example:
 - a) 11% drop over 2 years in satisfaction with facilities for teenagers (p.137);
 - b) 10% drop in satisfaction with street cleaning (p.97);
 - c) 10% drop in satisfaction with refuse collection (p.102);

- d) 15% drop over 2 years in satisfaction with how vandalism and graffiti is dealt with (p.165);
 - e) 14% drop over 2 years in satisfaction with how antisocial behaviour is dealt with (p.170);
 - f) 10% drop over 2 years in satisfaction with the way dog fouling is dealt with (p.175);
- 2) Therefore requests that for these areas of Council performance, a further report be provided to the Corporate Policy and Strategy Committee within 2 cycles which includes;
- a) Further explanation of the possible reasons for the levels of satisfaction in each of these areas of Council performance
 - b) Actions that can be taken to improve performance in each of these areas of Council performance”

- moved by Councillor Booth, seconded by Councillor Mary Campbell

Amendment 3

Council notes with concern that increasing numbers of Edinburgh residents were dissatisfied with the way this administration was running the city.

Notes in particular their concerns about rubbish collection and recycling

Further notes that only 36 per cent of residents felt they had a say on local issues and services.

Notes that in many areas of the council's operation satisfaction with the council peaked in the final year of the Liberal Democrat led administration and that satisfaction levels had been on a decline since that time.

Given the long term downward trend in many of these areas council instructs officers to produce a consolidated action plan to address the problem areas identified by our citizens in the survey to ensure a focus on rectifying the problems.

- moved by Councillor Aldridge, seconded by Councillor Lang

Voting

The voting was as follows:

For the Motion	-	27 votes
For Amendment 1	-	16 votes
For Amendment 2	-	8 votes
For Amendment 3	-	6 votes

(For the Motion: Councillors Griffiths (Depute Convener), Barrie, Bird, Cameron, Ian Campbell, Kate Campbell, Child, Day, Dickie, Dixon, Doran, Fullerton, Gardiner, Gordon, Henderson, Howie, Key, Macinnes, McNeese-Mechan, McVey, Munn, Munro, Perry, Rankin, Watt, Wilson and Work.

For Amendment 1: Councillors Brown, Bruce, Jim Campbell, Cook, Doggart, Douglas, Johnston, Laidlaw, McLellan, Mitchell, Mowat, Rose, Rust, Smith, Webber and Whyte.

For Amendment 2: Councillors Booth, Burgess, Mary Campbell, Corbett, Main, Miller, Rae and Staniforth.

For Amendment 3: Councillors Aldridge, Gloyer, Lang, Osler, Neil Ross and Young

Abstentions: Councillors Bridgman and Graczyk.)

There being no overall majority, Amendment 3 fell and a second vote was taken between the Motion and Amendments 1 and 2.

Voting

The voting was as follows:

For the Motion	-	27 votes
For Amendment 1	-	17 votes
For Amendment 2	-	14 votes

(For the Motion: Councillors Griffiths (Depute Convener), Barrie, Bird, Cameron, Ian Campbell, Kate Campbell, Child, Day, Dickie, Dixon, Doran, Fullerton, Gardiner, Gordon, Henderson, Howie, Key, Macinnes, McNeese-Mechan, McVey, Munn, Munro, Perry, Rankin, Watt, Wilson and Work.

For Amendment 1: Councillors Brown, Bruce, Jim Campbell, Cook, Doggart, Douglas, Johnston, Laidlaw, McLellan, Mitchell, Mowat, Rose, Rust, Smith, Webber and Whyte.

For Amendment 2: Councillors Aldridge, Booth, Burgess, Mary Campbell, Corbett, Gloyer, Lang, Main, Miller, Osler, Rae, Neil Ross, Staniforth and Young.

Abstentions: Councillors Bridgman and Graczyk.)

There being no overall majority, Amendment 2 fell and a third vote was taken between the Motion and Amendment 1.

Voting

The voting was as follows:

For the Motion	-	27 votes
For Amendment 1	-	22 votes

(For the Motion: Councillors Griffiths (Depute Convener), Barrie, Bird, Cameron, Ian Campbell, Kate Campbell, Child, Day, Dickie, Dixon, Doran, Fullerton, Gardiner, Gordon, Henderson, Howie, Key, Macinnes, McNeese-Mechan, McVey, Munn, Munro, Perry, Rankin, Watt, Wilson and Work.

For Amendment 1: Councillors Aldridge, Brown, Bruce, Jim Campbell, Cook, Doggart, Douglas, Gloyer, Johnston, Laidlaw, Lang, McLellan, Mitchell, Mowat, Osler, Rose, Neil Ross, Rust, Smith, Webber, Whyte and Young.

Abstentions: Councillors Booth, Bridgman, Burgess, Mary Campbell, Corbett, Graczyk, Main, Miller, Rae and Staniforth.)

Decision

To approve the motion by Councillor McVey.

(References – Corporate Policy and Strategy Committee 14 May 2019; referral from the Corporate Policy and Strategy Committee, submitted.)

11 Local Government Benchmarking Framework 2017/2018 – Edinburgh Overview – referral from the Corporate Policy and Strategy Committee

The Corporate Policy and Strategy Committee had referred a report on the Local Government Benchmarking Framework 2017/18 to the Council for consideration.

Motion

To note the Council's Local Government Benchmarking Framework 2017/18 analysis as presented in the Appendix to the report by the Chief Executive.

- moved by Councillor McVey, seconded by Councillor Day

Amendment 1

Council:

- 1) Notes the reports by the Chief Executive on the 2018 Edinburgh People Survey Headline Results (see item 10) and Local Government Benchmarking Framework 2017/2018 – Edinburgh Overview and express concern that:
 - a) The 2018 People's Survey once again highlights increasing dissatisfaction amongst Edinburgh residents with core services provided to all residents and the results particularly:
 - (i) Road maintenance, pavements/footpaths, street cleaning, rubbish collection and recycling, vandalism and graffiti, antisocial behaviour and dog fouling have shown a downward trend and that this has been consistent over the last seven years of SNP/Labour run Administrations and that, most strikingly only 35% of participants felt the Council provided value for money and only 36% felt that they have a say on local issues and services.
 - b) Within the Local Government Benchmarking Framework the Council was in the bottom half of Scottish Council performance more than half of the indicators (44 of 75), that this is a worsening position over time (36 of 75 in 2016/17) and that the number of indicators in the bottom half had increased across all the LGBF themes except Corporate services and that, once again, there are particularly poor scores on measures that relate to public satisfaction with services.
- 2) Considers that this was the result of a number of years where successive SNP/Labour Administrations had failed to properly prioritise service performance, improvement, benchmarking and Best Value to the detriment of Edinburgh citizens and the services they received.
- 3) Agrees that Edinburgh citizens deserved better and that as a large, City-based Council, Edinburgh should be using its scale and operational base to provide Scotland-leading services and further seeking to improve towards best practice on each service as measured in the UK and beyond.

- 4) To therefore, instruct the Chief Executive to draw up a Comprehensive Improvement Plan setting out how the Council could achieve service standards across all services that met the Council's own SMART targets, achieved top half performance amongst Scottish Councils across all indicators and that identified measures of performance against recognised best practice.

The Comprehensive Improvement Plan should be presented to the Council within two cycles and must include specific timescales within which service improvements would be made along with plans to implement these which would be made available to be scrutinised at Council Executive Committees.

The plan should also clearly demonstrate how Council services will provide better value for money, anticipating improvement in that metric to at least 50% satisfaction by the time of the next survey.

- moved by Councillor Whyte, seconded by Councillor Doggart

Amendment 2

- 1) To note the Council's Local Government Benchmarking Framework 2017/18 analysis as presented in the Appendix to the report by the Chief Executive.
- 2) To note a number of service areas in Edinburgh which give cause for concern. These include:
 - That Edinburgh invests a third of the amount per 1,000 population on parks and greenspaces, compared to the Scottish average.
 - That Edinburgh spends less than half of the Scottish average on library services as measured by number of visitors.
 - That, despite having the highest council housing rents in Scotland, Edinburgh has poorer performance on repair response times and housing quality than most councils.
 - That Edinburgh is almost at the bottom of rankings in having council buildings which are suitable for current use.
 - That the household recycling rate in Edinburgh is lower than the national average with Edinburgh ranking 23rd out of 32 councils.
 - That Edinburgh ranks 30th out of 32 councils in satisfaction with schools.

3) Further notes

- That Edinburgh receives the lowest funding settlement per head of population from the Scottish Government of any Scottish council and, that this re-inforces the need for significant reform of local authority funding.
- That almost a decade of public sector funding cuts implemented by successive UK Governments has led to significant pressure on local government budgets; and that widely-criticised changes to welfare services have increased demands on local government services.

4) Agrees that the above issues, among many others, be taken into account in developing service improvement plans.

- moved by Councillor Corbett, seconded by Councillor Booth

Amendment 3

Council welcomes the report.

Council notes with concern that the report shows satisfaction with refuse and cleansing is declining, street cleanliness scores are reducing and there is a deterioration in the condition of A, B and C class roads.

Council is concerned that recycling rates are not meeting targets, that non-emergency repairs to housing are taking too long to resolve and the percentage of housing meeting the Scottish Housing Quality Standard is poor.

Council is further concerned that staff sickness levels are increasing and are at unacceptable levels.

Council therefore calls for the production of a consolidated action plan to address these issues with timescales and targets to reverse the decline in these areas of the council's operation

- moved by Councillor Aldridge, seconded by Councillor Lang

Voting

The voting was as follows:

For the Motion	-	27 votes
For Amendment 1	-	16 votes
For Amendment 2	-	8 votes
For Amendment 3	-	6 votes

(For the Motion: Councillors Griffiths (Depute Convener), Barrie, Bird, Cameron, Ian Campbell, Kate Campbell, Child, Day, Dickie, Dixon, Doran, Fullerton, Gardiner, Gordon, Henderson, Howie, Key, Macinnes, McNeese-Mechan, McVey, Munn, Munro, Perry, Rankin, Watt, Wilson and Work.

For Amendment 1: Councillors Brown, Bruce, Jim Campbell, Cook, Doggart, Douglas, Johnston, Laidlaw, McLellan, Mitchell, Mowat, Rose, Rust, Smith, Webber and Whyte.

For Amendment 2: Councillors Booth, Burgess, Mary Campbell, Corbett, Main, Miller, Rae and Staniforth.

For Amendment 3: Councillors Aldridge, Gloyer, Lang, Osler, Neil Ross and Young

Abstentions: Councillors Bridgman and Graczyk.)

There being no overall majority, Amendment 3 fell and a second vote was taken between the Motion and Amendments 1 and 2.

Voting

The voting was as follows:

For the Motion	-	27 votes
For Amendment 1	-	16 votes
For Amendment 2	-	14 votes

(For the Motion: Councillors Griffiths (Depute Convener), Barrie, Bird, Cameron, Ian Campbell, Kate Campbell, Child, Day, Dickie, Dixon, Doran, Fullerton, Gardiner, Gordon, Henderson, Howie, Key, Macinnes, McNeese-Mechan, McVey, Munn, Munro, Perry, Rankin, Watt, Wilson and Work.

For Amendment 1: Councillors Brown, Bruce, Jim Campbell, Cook, Doggart, Douglas, Johnston, Laidlaw, McLellan, Mitchell, Mowat, Rose, Rust, Smith, Webber and Whyte.

For Amendment 2: Councillors Aldridge, Booth, Burgess, Mary Campbell, Corbett, Gloyer, Lang, Main, Miller, Osler, Rae, Neil Ross, Staniforth and Young.

Abstentions: Councillors Bridgman and Graczyk.)

There being no overall majority, Amendment 2 fell and a third vote was taken between the Motion and Amendment 1.

Voting

The voting was as follows:

For the Motion	-	27 votes
For Amendment 1	-	22 votes

(For the Motion: Councillors Griffiths (Depute Convener), Barrie, Bird, Cameron, Ian Campbell, Kate Campbell, Child, Day, Dickie, Dixon, Doran, Fullerton, Gardiner, Gordon, Henderson, Howie, Key, Macinnes, McNeese-Mechan, McVey, Munn, Munro, Perry, Rankin, Watt, Wilson and Work.)

For Amendment 1: Councillors Aldridge, Brown, Bruce, Jim Campbell, Cook, Daggart, Douglas, Gloyer, Johnston, Laidlaw, Lang, McLellan, Mitchell, Mowat, Osler, Rose, Neil Ross, Rust, Smith, Webber, Whyte and Young.

Abstentions: Councillors Booth, Bridgman, Burgess, Mary Campbell, Corbett, Graczyk, Main, Miller, Rae and Staniforth.)

Decision

To approve the motion by Councillor McVey.

(References – Corporate Policy and Strategy Committee 14 May 2019; referral from the Corporate Policy and Strategy Committee, submitted.)

12 Albion Equity Ltd – Disposition of Council’s Preference Shares – referral from the Finance and Resources Committee

The Finance and Resources Committee had referred a report on the disposition of the Council’s preference shares in Albion Equity Ltd to the Council for approval.

Decision

To approve the disposition of the Council’s preference shares in Albion Equity Ltd.

(References – Finance and Resources Committee 23 May 2019; referral from the Finance and Resources Committee, submitted)

Declaration of Interests

Councillor Aldridge declared a non-financial interest in the above item as a member of his family was a Trustee of Albion Equity Ltd.

13 Homeless Rugby International - Motion by Councillor Doggart

The following motion by Councillor Doggart were submitted in terms of Standing Order 16:

“Council:

- 1) Recognises the great achievement in bringing Homeless Rugby International to Ainslie Park Edinburgh, the first venue outside England, on 15 June 2019;
- 2) Supports the value of Homeless Rugby International to “To transform the quality of life and opportunities of homeless people, using rugby as a catalyst to promote greater understanding, collaboration and support and by promoting lasting and life-enhancing relationships through clubs and charities”;
- 3) Wishes the officials, organisers and, most of all, players a successful tournament; and
- 4) Asks the Lord Provost to recognise the event in an appropriate manner.”

Decision

To approve the motion by Councillor Doggart.

14 Subject Choice in Schools - Motion by Councillor Laidlaw

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

“Council:

Acknowledges that serious concerns have emerged about whether the breadth of subject choice available as part of the Curriculum for Excellence (CfE) is sufficient to meet the needs of S4 pupils wishing to take a range of subjects to enable access to Higher or Further Education.

Notes:

- 1) The report by Reform Scotland to the Scottish Parliament that found, through Freedom of Information requests, that the minority of Scottish schools allow pupils to sit more than six National 4 and 5s with a minority offering only five subjects as standard.
- 2) Survey finding by the Scottish Parliament’s Education Committee in which 56% of the pupils who responded said they had not been able to take all of

the subjects they wanted to, while 76% of parents said this had been the case with their children.

- 3) That previously under the Standard Grade qualification pupils were routinely offered the opportunity to study and be qualified in seven or eight different subjects, with all City of Edinburgh High Schools offering eight subjects in 2016.
- 4) SCIS information that pupils attending independent schools (that use SQA qualifications) routinely offer pupils the opportunity to take eight or nine National 4 or 5 qualifications.
- 5) That Members of the Scottish Parliament have agreed an evaluation should be carried out over how Curriculum for Excellence (CfE) is being implemented in schools.

Requests a report within two cycles of the Education, Children and Families detailing:

- 1) The number of Nat 4/5 subjects available to be taken at S4 level at each City of Edinburgh high school.
- 2) The number of subjects allowed to be taken by each pupil at each City of Edinburgh high school.
- 3) The number offering the ability to take three sciences combined with Maths and English.
- 4) Information on which City of Edinburgh schools offer the ability to take Nat 5 qualifications in two or more languages.
- 5) The Council's response to the report to the Scottish Parliament's Education Committee in June, and its recommendations."

Motion

To approve the motion by Councillor Laidlaw.

- moved by Councillor Laidlaw, seconded by Councillor Mitchell

Amendment

Council is asked

- 1) To replace the first paragraph with:
 - "1) To acknowledge the findings within the Reform Scotland Report and note this is a national report and therefore the conclusions are not

necessarily reflective of the situation in Edinburgh. To recognise that in Edinburgh it is schools, working with pupils and parents, who decide on subject choice and how many National 4s and 5s pupils sit.”

- 2) To delete the points 1 to 5 submitted for noting.
- 3) To request a report within two cycles to the Education, Children and Families Committee. This should cover the whole school experience, including subject choice, methods for gaining qualifications, including National Qualifications, Skills for Work, Vocational Qualifications, and opportunities for wider achievement. The report should detail any changes suggested by the Scottish Government after their review of the implementation of the Curriculum for Excellence and the potential impact on Edinburgh Council Schools. This will include information in relation to points 1 to 5 as identified in the final part of the motion.

- moved by Councillor Perry, seconded by Councillor Dickie

Voting

The voting was as follows:

For the motion	-	22 votes
For the amendment	-	36 votes

(For the motion: Councillors Aldridge, Brown, Bruce, Jim Campbell, Cook, Doggart, Douglas, Gloyer, Johnston, Laidlaw, Lang, McLellan, Mitchell, Mowat, Osler, Rose, Neil Ross, Rust, Smith, Webber, Whyte and Young.

For the amendment: Councillors Griffiths (Depute Convener), Barrie, Bird, Booth, Bridgman, Burgess, Cameron, Ian Campbell, Kate Campbell, Mary Campbell, Child, Corbett, Day, Dickie, Dixon, Doran, Gardiner, Gordon, Graczyk, Henderson, Howie, Key, Macinnes, McNeese-Mechan, McVey, Main, Miller, Munn, Munro, Perry, Rae, Rankin, Staniforth, Watt, Wilson and Work.)

Decision

To approve the amendment by Councillor Perry

15 Waste Collection Service - Motion by Councillor Webber

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

“Council

- a) Notes our kerbside waste collection service requests that residents present their bins on the pavement for uplift for their scheduled collection. Bins are presented with consideration of the space they use on many of the very narrow pavements.
- b) Notes visually impaired people find great difficulty negotiating the streets and pavements on scheduled collections days. With the new routes, increased collections and uptake in recycling these occurrences are now more frequent with the potential to increase risk to those affected and in particular those who are Guide Dog Owners.
- c) Recognises the challenges the visually impaired face are further exacerbated by bins that are not returned to the place they were originally presented by waste operatives who erroneously scatter them across the pavements.
- d) Calls for a report to be presented to the Transport and Environment Committee in 2 cycles to investigate the feasibility of:
 - 1) Enforcing the existing policy that states they must be returned to the place they were presented.
 - 2) Providing training to the waste crews so that they can understand the issues their actions are posing
 - a) A simple blindfold walk down a bin littered street is all that it may need for them to appreciate the difficulties.

And to

- 3) Confirm the cost and number of replacement bins that have been damaged due to being discarded in this manner.”

Decision

To approve the following adjusted motion by Councillor Webber:

Council

- a) Notes our kerbside waste collection service requests that residents present their bins on the pavement for uplift for their scheduled collection. Bins are

presented with consideration of the space they use on many of the very narrow pavements.

- b) Notes visually impaired people find great difficulty negotiating the streets and pavements on scheduled collections days. With the new routes, increased collections and uptake in recycling these occurrences are now more frequent with the potential to increase risk to those affected and in particular those who are Guide Dog Owners.
- c) Recognises the challenges the visually impaired face are further exacerbated by bins that are not placed in the correct locations by either residents or operatives and notes the opportunity for both to be reminded of this, through internal training and public communications.
- d) Requests a report to be presented to Transport and Environment Committee in 2 cycles to update and investigate these issues and to include the feasibility of providing training to the waste crews so that they can understand the issues their actions are posing for example; a simple blindfold walk down a bin littered street is all that it may need for them to appreciate the difficulties.

And a report should also be presented to confirm the cost and number of replacement bins that have been damaged due to being discarded in this manner.

16 Full Council Does Not Welcome Donald Trump - Motion by Councillor Staniforth

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

“Council:

- 1) Notes that Donald Trump is due to arrive in the UK on a state visit between 3rd and 5th of June.
- 2) Notes that it is not usual for an American President to be granted a state visit, only two previous presidents have been afforded the honour.
- 3) Notes that council has already agreed that Trump’s so-called ‘Muslim ban’ caused distress and chaos to US Muslim families, that his aim to build a wall between the US and Mexico is regressive and undesirable, that his tenure has been littered with misogynistic commentary and his ill-conceived ban on transgender people serving in the armed forces is deeply transphobic.
- 4) Notes that council has affirmed that Edinburgh is a welcoming and international city, which opens its arms to all ethnicities and religions; all sexualities and genders.

- 5) Therefore, as representatives of Scotland's capital, council does not welcome President Trump to Scotland and will not engage in any civic welcome extended to him.
- 6) Council notes that it cannot restrict the Lord Provost from fulfilling duties required of the Lord Lieutenant to the Queen and that no council staff or resources will be employed if he is required to attend a royal engagement with Donald Trump.
- 7) Council notes that in Scotland the monarch traditionally rules with the consent of the people and respectfully requests that the monarch respect the decision of Council, as representatives of the city's people, and not include Edinburgh in arrangements for Donald Trump's state visit."

Motion

To approve the motion by Councillor Staniforth.

- moved by Councillor Staniforth, seconded by Councillor Rae

Amendment 1

To agree the motion with the deletion of points 5, 6, and 7.

- moved by Councillor McVey, seconded by Councillor Day

Amendment 2

To take no action on the matter.

- moved by Councillor Laidlaw, seconded by Councillor Doggart

In terms of Standing Order 22(3), the Depute Convener ruled that a first vote be taken for or against Amendment 2, for no action.

Voting

For Amendment 2	-	16 votes
Against Amendment 2	-	42 votes

(For Amendment 2 - Councillors Brown, Bruce, Jim Campbell, Cook, Doggart, Douglas, Johnston, Laidlaw, McLellan, Mitchell, Mowat, Rose, Rust, Smith, Webber and Whyte.

Against Amendment 2 – Councillor Griffiths (Depute Convener), Councillors Aldridge, Barrie, Bird, Booth, Bridgman, Burgess, Cameron, Ian Campbell, Kate Campbell, Mary Campbell, Child, Corbett, Day, Dickie, Dixon, Doran, Gardiner, Gloyer, Gordon, Graczyk, Henderson, Howie, Key, Lang, Macinnes, McNeese-Mechan, McVey, Main,

Miller, Munn, Munro, Osler, Perry, Rae, Rankin, Neil Ross, Staniforth, Watt, Wilson, Work and Young.)

As the vote for no action was lost, a second vote between the motion by Councillor Staniforth and Amendment 1 by Councillor McVey was then taken.

Voting

The voting was as follows:

For the motion	-	8 votes
For Amendment 1	-	34 votes

(For the Motion: Councillors Booth, Burgess, Mary Campbell, Corbett, Main, Miller, Rae and Staniforth.)

For Amendment 1: Councillor Griffiths (Depute Convener), Councillors Aldridge, Barrie, Bird, Bridgman, Cameron, Ian Campbell, Kate Campbell, Child, Day, Dickie, Dixon, Doran, Gardiner, Gloyer, Gordon, Graczyk, Henderson, Howie, Key, Lang, Macinnes, McNeese-Mechan, McVey, Munn, Munro, Osler, Perry, Rankin, Neil Ross, Watt, Wilson, Work and Young.)

Abstentions: Councillors Brown, Bruce, Jim Campbell, Cook, Daggart, Douglas, Johnston, Laidlaw, McLellan, Mitchell, Mowat, Rose, Rust, Smith, Webber and Whyte.)

Decision

To approve Amendment 1 by Councillor McVey as follows:

Council:

- 1) Notes that Donald Trump is due to arrive in the UK on a state visit between 3rd and 5th of June.
- 2) Notes that it is not usual for an American President to be granted a state visit, only two previous presidents have been afforded the honour.
- 3) Notes that council has already agreed that Trump's so-called 'Muslim ban' caused distress and chaos to US Muslim families, that his aim to build a wall between the US and Mexico is regressive and undesirable, that his tenure has been littered with misogynistic commentary and his ill-conceived ban on transgender people serving in the armed forces is deeply transphobic.
- 4) Notes that council has affirmed that Edinburgh is a welcoming and international city, which opens its arms to all ethnicities and religions; all sexualities and genders.

17 Stead's Place - Motion by Councillor McLellan

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

“Council:

Following the decision by Edinburgh University to withdraw from the Stead's Place proposal, council agrees:

- 1) To ask the Director of Place to organise a summit before the start of the next academic year at which the four universities can be invited to discuss future student accommodation plans and needs.
- 2) Further requests the Director of Place to produce a city-wide student masterplan in conjunction with the universities and Edinburgh College, on a timescale to be agreed with the sector, which both addresses the accommodation needs of an expanding higher and further education sector and local concerns.”

Motion

To approve the motion by Councillor McLellan.

- moved by Councillor McLellan, seconded by Councillor Jim Campbell

Amendment

Delete the motion and replace with:

- 1) Council notes the importance of universities in the city and the Planning Service continues to meet regularly with Universities and Colleges within the City looking at the full range of development aspirations they have including student accommodation and campus buildings. Council also notes the impact the over-dominance student housing can have on local communities.
- 2) Notes the City Plan 2030 process will continue to actively engage with the City's universities and colleges to ensure a planned approach is undertaken for the delivery of student accommodation and their longer term development aspirations. Progress will be reported to the Planning Committee on both City Plan 2030 and through the review of planning guidance on student housing.

- 3) Notes that Council will continue to encourage the universities and colleges and private sector partners to engage with their local communities as they prepare development proposals, in the context of Council commitments and policies delivering affordable housing and mixed communities.”

- moved by Councillor Gardiner, seconded by Councillor Child

Voting

The voting was as follows

For the motion	-	16 votes
For the amendment	-	41 votes

(For the motion: Councillors Brown, Bruce, Jim Campbell, Cook, Daggart, Douglas, Johnston, Laidlaw, McLellan, Mitchell, Mowat, Rose, Rust, Smith, Webber and Whyte.

For the Amendment: Councillors Griffiths (Depute Convener), Aldridge, Barrie, Bird, Bridgman, Booth, Burgess, Cameron, Ian Campbell, Kate Campbell, Mary Campbell, Child, Corbett, Day, Dickie, Dixon, Doran, Gardiner, Gloyer, Gordon, Henderson, Howie, Key, Lang, Macinnes, McNeese-Mechan, McVey, Main, Miller, Munn, Munro, Osler, Perry, Rae, Rankin, Neil Ross, Staniforth, Watt, Wilson, Work and Young.

Abstention: Councillor Graczyk.)

Decision

To approve the amendment by Councillor Gardiner.

18 Dunard Concert Hall – Motion by Councillor McLellan

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

“Council:

- 1) Recognises the valuable contribution a new concert hall will bring to Edinburgh’s cultural and economy.
- 2) Recognises the unique circumstances of this application.
- 3) Further recognises the difficulties the project created for planning policy, in particular the use of exterior concrete in the World Heritage Site and traffic management in a pedestrianised environment at Multrees Walk and Elder Street.

- 4) Agrees the Director of Place should provide a report to the Planning Committee in two cycles to update and clarify the council's policies in the World Heritage Management Plan and the council's supplementary guidance."

- moved by Councillor McLellan, seconded by Councillor Mitchell

Amendment

Council:

- 1) Agrees points 1 and 2.
- 2) Replaces points 3 and 4 with:
 - "3) Notes that each planning application is considered on its merits having regard to the development plan and material considerations. The applications for planning permission and listed building consent were considered by the Development Management Sub Committee on 24 April 2019 through a formal hearing process, with all matters, including the materials and traffic management given careful consideration in this sensitive context.
 - 4) Notes that there are existing procedures in place to review the Old and New Towns of Edinburgh World Heritage Site Management Plan and planning guidance. The Management Plan was approved December 2017 and is revised on a 5 yearly basis. The review of the Plan, and ongoing monitoring will consider the impacts of new development on the Outstanding Universal Value of the Site, including the use of materials and contribution to cultural life. The Edinburgh Design Guidance includes guidance to developers on the use of building materials. This guidance is reviewed annually and any need for amendment will be considered in this context."

- moved by Councillor Gardiner, seconded by Councillor Child

Voting

The voting was as follows:

For the motion	-	22 votes
For the amendment	-	26 votes

(For the motion: Councillors Aldridge, Brown, Bruce, Jim Campbell, Cook, Doggart, Douglas, Gloyer, Johnston, Laidlaw, Lang, McLellan, Mitchell, Mowat, Osler, Rose, Neil Ross, Rust, Smith, Webber, Whyte and Young.

For the amendment: Councillors Griffiths (Depute Convener), Barrie, Bird, Bridgman, Booth, Burgess, Cameron, Ian Campbell, Kate Campbell, Mary Campbell, Child, Corbett, Day, Dickie, Dixon, Doran, Gardiner, Gordon, Graczyk, Henderson, Howie, Key, Macinnes, McNeese-Mechan, McVey, Main, Miller, Munn, Munro, Perry, Rae, Rankin, Staniforth, Watt, Wilson and Work.

Decision

To approve the following amendment by Councillor Gardiner:

- 1) To recognise the valuable contribution a new concert hall would bring to Edinburgh's cultural and economy
- 2) To recognise the unique circumstances of this application.
- 3) To note that each planning application was considered on its merits having regard to the development plan and material considerations. The applications for planning permission and listed building consent were considered by the Development Management Sub Committee on 24 April 2019 through a formal hearing process, with all matters, including the materials and traffic management given careful consideration in this sensitive context.
- 4) To note that there were existing procedures in place to review the Old and New Towns of Edinburgh World Heritage Site Management Plan and planning guidance. The Management Plan was approved December 2017 and was revised on a 5 yearly basis. The review of the Plan, and ongoing monitoring would consider the impacts of new development on the Outstanding Universal Value of the Site, including the use of materials and contribution to cultural life. The Edinburgh Design Guidance includes guidance to developers on the use of building materials. This guidance was reviewed annually and any need for amendment would be considered in this context.

19 Watsonian Ladies Rugby Football Club - Motion by Councillor Brown

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

“Council:

- Congratulates the Watsonians Ladies Rugby Football Club on their recent Sarah Beaney Cup Final victory over Hillhead Jordanhill at Murrayfield Stadium.
- Celebrates the success under the stewardship of Watsonians Ladies coach David Flynn to secure the top Women's domestic cup trophy for the first time.

- Invites the Lord Provost to suitably mark the occasion in the appropriate manner.”

Decision

To approve the motion by Councillor Brown.

20 Legalisation of Same Sex Marriage in Taiwan - Motion by Councillor Day

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

“Council acknowledges the historic decision of the Taiwanese government in being the first country in Asia to legalise same sex marriage.

Council joins the people of Taiwan in their celebrations and encourages other countries’ leaders to follow to ensure fairness and equality.

Council requests the Lord Provost celebrates this historic event in an appropriate manner.”

Decision

To approve the motion by Councillor Day.

21 Screen Education Edinburgh Awards - Motion by Councillor Day

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

“Council acknowledges the sterling work of the young people involved in the recent Screen Education Edinburgh awards.

Young people were involved in film making, theory exams, exploring creative and academic works and excellent quality films.

Council acknowledges the high standard of work from the young people which led to them achieving Moving Image Arts awards and British Film Institute awards with two being nominated for UK national awards.

Council requests that the Lord Provost celebrates the young people's success and achievements in an appropriate manner.”

Decision

To approve the motion by Councillor Day.

22 International Fair Trade Charter - Motion by Councillor McNeese-Mechan

The following motion by Councillor McNeese-Mechan was submitted in terms of Standing Order 16:

“Council:

- 1) Pledges to support the International Fair Trade Charter, produced to establish a common reference point for all the organisations and networks that share a common vision of a world in which everyone, through their work, can maintain a decent and dignified livelihood and develop their full human potential.
- 2) Requests a report to the Corporate Policy and Strategy Committee in 2 cycles to recommend the undertakings that the Council can give in support of the Charter, and how it can best complement the Council’s own Fair Trade Policy.”

Decision

To approve the motion by Councillor McNeese-Mechan.

23 Hibernian Ladies Football Club - Motion by Councillor Munro

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

“Council congratulates Hibernian Ladies Football Club on winning the Scottish Cup for a 4th year in a row.

Council requests that the Lord Provost marks this significant achievement in the women’s game in Scotland with a Civic Reception in the City Chambers.”

Decision

To approve the motion by Councillor Munro.

24 SESplan2 - Motion by Councillor McLellan

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

“Council:

- 1) Regrets the decision by the Scottish Government to reject a plan which has been years in the making.

- 2) Recognises that the absence of a plan leaves the council vulnerable to “planning by appeal”.
- 3) Further recognises the decision has serious implications for the ongoing Cityplan 2030 process.
- 4) Calls for an urgent report from the Director of Place to the next Planning Committee which explains how this position arose.
- 5) Agrees the report should outline the steps necessary to provide a clear development framework for Edinburgh, and a timetable for delivery.
- 6) Given the Scottish Government specifically blamed transport issues, that a further report be brought back to the next meeting of the Council to detail the implications for Edinburgh.”

Motion

To approve the motion by Councillor McLellan

- moved by Councillor McLellan, seconded by Councillor Cook

Amendment

Deletes motion and replaces with:

- 1) Notes the Scottish Government decision on the SESPlan2.
- 2) Notes a meeting of the SESplan Joint Committee is due to take place in June 2019 when relevant report(s) on this matter will be referred to the Planning Committee. The annual Development Plan Scheme is the statutory report which sets out the timetable for development plan preparation and will be reported to the 7 August 2019 Planning Committee.

- moved by Councillor Gardiner, seconded by Councillor Child

In accordance with Standing Order 21(11), the amendment was accepted as an addendum to the motion.

Decision

To approve the following adjusted motion by Councillor McLellan:

- 1) To note the Scottish Government decision on the SESPlan2.
- 2) To note a meeting of the SESplan Joint Committee was due to take place in June 2019 when relevant report(s) on this matter would be referred to the Planning Committee. The annual Development Plan Scheme was the

statutory report which set out the timetable for development plan preparation and would be reported to the 7 August 2019 Planning Committee.

25 Edinburgh Gateway- Motion by Councillor Mowat

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

“Council:

- 1) Regrets the Edinburgh Gateway station only welcomed 58,386 passengers in 2016-17, according to the most up-to-date data available, despite costing over £40m.
- 2) Notes that this compares to the 2,780,004 who went through Haymarket and 869,978 who used Edinburgh Park.
- 3) Believes use of Gateway station could be increased by being directly linked to the main Glasgow-Edinburgh route.
- 4) Further regrets that the opportunity was lost when the Almond Chord project was cancelled by the Scottish Government in 2012.
- 5) Further notes that reinstating the Almond Chord could allow for a new station at Winchburgh where 5,000 homes are set to be built as part of the City Deal and could create more pressure on Edinburgh’s transport network.
- 6) Notes the potential for a new station serving Kirkliston and believes that the revival of the Almond Chord project would make a significant difference to transport choices in West Edinburgh and help address transport concerns raised by the Scottish Government in rejecting Sesplan 2.
- 7) Instructs the transport convener to open talks with the Scottish Government and Network Rail with a view to reviving the project and for a report to be provided to the Transport and Economy Committee within three cycles.”

Motion

To approve the motion by Councillor Mowat.

- moved by Councillor Mowat, seconded by Councillor Cook

Amendment 1

Council:

- 1) Accepts points 1), 2) and 3) of the motion.

2) Removes points 4), 5), 6) and 7) of the motion and replaces with the following:

- “4) Notes that this project was considered as part of the Edinburgh Glasgow Improvement Programme (EGIP) which will have increased rail capacity between the cities by 30% this year and cut journey times to 43 minutes.
- 5) Notes that Scottish Ministers have instructed Transport Scotland to undertake a Strategic Review of Transport Projects (STPR2) and the Governance for this is through the City Deal Transport Board.
- 6) Agrees that the City of Edinburgh Council will make representations to STPR2 to ask for this matter to be included within the context of the Review.”

- moved by Councillor Doran, seconded by Councillor McVey

Amendment 2

To add to the motion:

- “8) agrees this work should also prioritise significant improvements to the capacity and access arrangements at Dalmeny Station, particularly in light of the major new housing developments at Scotstoun and Builyeon Road in Queensferry.”

- moved by Councillor Lang, seconded by Councillor Young

In accordance with Standing Order 21(11), Points 5) and 6) of Amendment 1, and all of Amendment 2 were accepted as addendums to the motion

Voting

The voting was as follows:

For the motion (as adjusted)	-	22 votes
For amendment 1	-	34 votes

For the motion (as adjusted): Councillors Aldridge, Bridgman, Brown, Bruce, Jim Campbell, Cook, Doggart, Douglas, Gloyer, Johnston, Lang, McLellan, Mitchell, Mowat, Osler, Rose, Neil Ross, Rust, Smith, Webber, Whyte and Young.

For the amendment: Councillors Griffiths (Depute Convener), Barrie, Bird, Booth, Burgess, Cameron, Ian Campbell, Kate Campbell, Mary Campbell, Child, Corbett, Day, Dickie, Dixon, Doran, Gardiner, Gordon, Henderson, Howie, Key, Macinnes,

McNeese-Mechan, McVey, Main, Miller, Munn, Munro, Perry, Rae, Rankin, Staniforth, Watt, Wilson and Work.

Abstention – Councillor Graczyk.)

Decision

To approve Amendment 1 by Councillor Gardiner as follows:

- 1) To regret the Edinburgh Gateway station only welcomed 58,386 passengers in 2016-17, according to the most up-to-date data available, despite costing over £40m.
- 2) To note that this compared to the 2,780,004 who went through Haymarket and 869,978 who used Edinburgh Park.
- 3) Believes the use of Gateway station could be increased by being directly linked to the main Glasgow-Edinburgh route.
- 4) To note that this project was considered as part of the Edinburgh Glasgow Improvement Programme (EGIP) which would have increased rail capacity between the cities by 30% this year and cut journey times to 43 minutes.
- 5) To note that Scottish Ministers had instructed Transport Scotland to undertake a Strategic Review of Transport Projects (STPR2) and the Governance for this was through the City Deal Transport Board.
- 6) To agree that the City of Edinburgh Council would make representations to STPR2 to ask for this matter to be included within the context of the Review.

26 Equal Right of Appeal - Motion by Councillor Graczyk

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

“Council:

- 1) Notes, the planning bill is currently making its way to the Local Government and Communities committee at Holyrood and will soon be consulted upon;
- 2) Further notes that over the years a number of appeals by developers in the current planning system have been successful, while residents in local communities have had to live with the consequences of these decisions with no similar right of appeal;
- 3) Recognises, the planning system is unbalanced in the application of the right to appeal decisions;

- 4) Further recognises, Equal Right of Appeal balances out who can make appeals to include the people most affected by a decision to approve;
- 5) Acknowledges, Council believe that the interests of its residents would be best protected by supporting Equal Right of Appeal that brings communities to the heart of the decisions that they will have to live with;
- 6) Further acknowledges, the righting of this injustice would substantially increase the communities' confidence in our political leadership;
- 7) Calls, Council to:
 - a) Notes commitment 14 in the Programme for the Capital includes support for Community Right of Appeal;
 - b) Request the Council Leader to write to the Committee Convener, committee members, the Minister for Local Government and Housing and the Scottish Government's Chief Planner restating the Council's position."

Motion

To approve the motion by Councillor Graczyk

- moved by Councillor Graczyk, seconded by Councillor Mary Campbell

Amendment 1

- 1) To note points 1-6 of the motion.
- 2) To replace points 7a) and 7b) with:

"The commitment by this Council to give communities the right to appeal remains in place with submissions already made to Scottish Government through the Planning Bill process on that basis. Elected members and Council officials will continue to engage in this process and acknowledge the importance of communities being involved earlier in the preparation of development plans which impact on their area."

- moved by Councillor Gardiner, seconded by Councillor Child

Amendment 2

Delete paragraph 1 and replace with,

"Notes the Planning (Scotland) Bill will be considered at Stage 3 in the Scottish Parliament in June;"

Insert new paragraph 6 as follows, and renumber the existing paragraph 6 as paragraph 7:

- "6) acknowledges the work of Andy Wightman MSP who tabled an amendment on equalising right of appeal at Stage 2 of the Planning (Scotland) Bill, which would have given communities the same right as developers to appeal planning decisions, had it passed."

Delete paragraph 7b) and replace with:

- "7b) Request the Council Leader write to MSPs, the Minister for Local Government, Housing and Planning, and the Scottish Government's Chief Planner restating the Council's position and urging them to support community right of appeal in planning."

- moved by Councillor Booth, seconded by Councillor Staniforth

In accordance with Standing Order 21(11), Amendment 2 was accepted as an addendum to the motion

Voting

The voting was as follows:

For the Motion (as adjusted)	-	9 votes
For Amendment 1	-	46 votes

(For the motion (as adjusted): Councillors Booth, Burgess, Mary Campbell, Corbett, Graczyk, Main, Miller, Rae and Staniforth

For Amendment 1: Councillors Griffiths (Depute Convener), Aldridge, Barrie, Bird, Bridgman, Brown, Bruce, Cameron, Ian Campbell, Jim Campbell, Kate Campbell, Child, Cook, Day, Dickie, Dixon, Doggart, Doran, Douglas, Gardiner, Gloyer, Henderson, Howie, Johnston, Key, Macinnes, McLellan, McNeese-Mechan, McVey, Mitchell, Mowat, Munn, Munro, Osler, Perry, Rankin, Neil ross, Rust, Rose, Smith, Watt, Webber, Wilson, Work and Young.)

Decision

To approve Amendment 1 by Councillor Gardiner as follows:

- 1) To note, the planning bill was currently making its way to the Local Government and Communities Committee at Holyrood and would soon be consulted upon.
- 2) To further note, over the years a number of appeals by developers in the current planning system had been successful, while residents in local

communities have had to live with the consequences of these decisions with no similar right of appeal.

- 3) To recognise, the planning system was unbalanced in the application of the right to appeal decisions.
- 4) To further recognise, Equal Right of Appeal balanced out who could make appeals to include the people most affected by a decision to approve.
- 5) To acknowledge, Council believed that the interests of its residents would be best protected by supporting Equal Right of Appeal that brought communities to the heart of the decisions that they would have to live with.
- 6) To further acknowledge, the righting of this injustice would substantially increase the communities' confidence in our political leadership.
- 7) The commitment by this Council to give communities the right to appeal remained in place with submissions already made to Scottish Government through the Planning Bill process on that basis. Elected members and Council officials would continue to engage in this process and acknowledge the importance of communities being involved earlier in the preparation of development plans which impact on their area.

27 Funding for Action on Poverty - Motion by Councillor Rae

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

“Council

- 1) Notes:
 - 1.1 The European Aid to the Most Deprived fund makes £3.5m available to the UK for “lifting at least 20 million people out of the risk of poverty and social exclusion” by the end of 2020;
 - 1.2 The failure of the Home Secretary to meet the deadline to secure £600,000 of funding this year, and that all other EU members met the deadline to secure their share;
- 2) Welcomes the progress of the Edinburgh Poverty Commission towards addressing poverty, affecting an estimated 82,000 people in Edinburgh, including a fifth of children in the city;

- 3) Agrees the Council Leader will ask the Home Secretary what alternative sources of funding will be provided by the Home Office to fund recommendations made by the Edinburgh Poverty Commission.”

Motion

To approve the motion by Councillor Rae

- moved by Councillor Rae, seconded by Councillor Miller

Amendment

Council:

Delete all of the motion and replace with:

Council notes:

- 1) that the European Aid to the Most Deprived fund makes £3.5m available to the UK for “lifting at least 20 million people out of the risk of poverty and social exclusion” by the end of 2020 and that this scheme was specifically intended to assist asylum seekers;
- 2) that although the deadline to secure funding this year has passed Edinburgh’s share of a UK sum of £600,000 would be approximately £6,000;
- 3) the ongoing work of the Edinburgh Poverty Commission towards addressing poverty and that considerable efforts still need to be made to improve the outcomes achieved with the large sums of public funding spent by a number of partner agencies on this work in Edinburgh;
- 4) that the UK Government has decided to use the Fund to support vulnerable 16-24 year olds who have entered the UK through a resettlement schemes, been granted refugee status, or identified as victims of modern slavery; and notes that the fund will still provide £2.9 million for this cause.

Council therefore considers that the UK Government’s proposed use for the fund is the correct one and, while Edinburgh should receive any funding directly resulting from this objective, diverting money from vulnerable young people to other purposes is not appropriate.

Council further notes the wider context that the Scottish Government now has substantive responsibility for welfare, including the power to create new benefits and top-up reserved benefits, and has the tax powers to fund any spending accordingly and that poverty alleviation should be considered in this devolved policy context.

- moved by Councillor Rose, seconded by Councillor Rust

Voting

The voting was as follows:

For the motion	-	38 votes
For the amendment	-	15 votes

(For the motion: Councillors Griffiths (Depute Convener), Aldridge, Barrie, Bird, Bridgman, Cameron, Ian Campbell, Kate Campbell, Mary Campbell, Child, Corbett, Day, Dickie, Dixon, Doran, Gardiner, Gloyer, Graczyk, Henderson, Howie, Key, Macinnes, McNeese-Mechan, McVey, Main, Miller, Munn, Munro, Osler, Perry, Rae, Rankin, Neil Ross, Staniforth, Watt, Wilson, Work and Young.

For the amendment: Councillors Brown, Bruce, Jim Campbell, Cook, Daggart, Douglas, Johnston, McLellan, Mitchell, Mowat, Rose, Rust, Smith, Webber and Whyte.)

Decision

To approve the motion by Councillor Rae.

28 Threatening Behaviour Towards Councillors - Motion by Councillor Watt

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

“This Council

- Recognises that politicians are working in a febrile atmosphere which could lead to open hostility, verbal abuse and threats of physical violence;
- Deplores all such instances of verbal or physical intimidation;
- Advocates a zero tolerance approach to any such behaviour in our city; and
- Asks that a protocol be developed for Councillors to report incidents to the Council so that they can receive appropriate support.”

Decision

To approve the motion by Councillor Watt.

29 European Elections - Motion by Councillor Munro

The Depute Convener ruled that the following item, notice of which had been given at the start of the meeting, be considered as a matter of urgency to allow the Council to give early consideration to this matter.

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

“Council:

- 1) Thanks the election team and Lothian Valuation Joint Board staff for their work in delivering the European elections.
- 2) Notes the issues reported across the UK of many EU nationals being unable to vote.
- 3) Condemns the lack of support given to Council by the UK government in the circumstances of failing to confirm the UK’s participation in the EU elections earlier in the process to enable EU citizens resident in Edinburgh to take part locally in the elections to the European Parliament.”

Motion

To approve the motion by Councillor Munro.

- moved by Councillor Munro, seconded by Councillor McVey

Amendment

To take no action on the matter.

- moved by Councillor Whyte, seconded by Councillor Webber

Voting

The voting was as follows:

For the motion	-	38 votes
For the amendment	-	15 votes

(For the motion: Councillors Griffiths (Depute Convener), Aldridge, Barrie, Bird, Bridgman, Cameron, Ian Campbell, Kate Campbell, Mary Campbell, Child, Corbett, Day, Dickie, Dixon, Doran, Gardiner, Gloyer, Graczyk, Henderson, Howie, Key, Macinnes, McNeese-Mechan, McVey, Main, Miller, Munn, Munro, Osler, Perry, Rae, Rankin, Neil Ross, Staniforth, Watt, Wilson, Work and Young.

For the amendment: Councillors Brown, Bruce, Jim Campbell, Cook, Doggart, Douglas, Johnston, McLellan, Mitchell, Mowat, Rose, Rust, Smith, Webber and Whyte.)

Decision

To approve the motion by Councillor Munro.

Appendix 1

(As referred to in Act of Council No 3 of 30 May 2019)

QUESTION NO 1

By Councillor Miller for answer by the Leader of the Council at a meeting of the Council on 30 May 2019

Question

For each project in this local authority which is receiving funding through the City Region Deal, what will the measurable contribution be towards meeting climate targets?

Answer

On May 14th the Council set an ambitious climate change target to achieve a net zero carbon position in Edinburgh by 2030. In relation to city deal projects at this stage it is too early to say. Project leads (across the entire Deal) have been asked to assess their projects in terms of environmental sustainability. This will form a key part of the Progress Report to each meeting of the Joint Committee for the Edinburgh and South East Scotland City Region Deal.

Supplementary Question

Thank you Deputy Provost and thank you to the Leader for his answer to my written question. It's heartening to hear that project leads have been asked to assess environmental sustainability and I thank the Leader for confirming this. However can I ask the Leader please to clarify this statement, just because environmental sustainability is one thing, but positively contributing to the challenging carbon target that this Council has quite rightly set might be quite another thing, especially as the latest information that elected Members have received on the City Region Deal is somewhat lightweight in regards to that.

I wondered can the Leader please tell me, is it his expectation that the project leads in that work that he's confirmed, will be assessing ways in which the projects can identify improvements that will take us, with step-changes, towards our carbon goals for the city and he mentioned during the last event item about transport heat and energy, and therefore use the City Region Deal as an opportunity to deliver the urgent change that people in Edinburgh need?

**Supplementary
Answer**

Can I thank you for your supplementary. In terms of the City Deal, it's worth saying that the City Deal Board isn't subordinate to the Council and our governance structures and therefore it is difficult for us to instruct. However it is worth saying a couple of ongoing examples, Sheriffhall Roundabout being a good one, where the initial project from Transport Scotland did, as project lead, get engagement from Spokes and us as a Council and certainly Midlothian Council and as a result that has had a change in the project, a multimillion pound element of it being cycling improvement to that roundabout. Now the consequence of that is to put pressure on both Edinburgh and Midlothian to respond to that, work with Transport Scotland and find the right ways of financing safe cycling routes to that roundabout, to that junction in the first place, but it is a good example of where the iterative process has already started within the City Deal to drive forward that more sustainable agenda. In terms of the representations I'll be making, as Chair of the City Deal Partnership, I've got a few months left I think as chair of the partnership before it goes to our friends in East Lothian, we will be making sure that every project across the board whether it is led by Transport Scotland or Edinburgh Council or anyone else in the measurement at least, when it comes to that Partnership, will consider these things and that will put pressure on the delivery vehicles, namely the constituent authorities, to be able to take that into consideration as their driving forward those individual projects.

QUESTION NO 2

By Councillor Bruce for answer by the Convener of the Transport and Environment Committee at a meeting of the Council on 30 May 2019

Question (1) Are records kept of the number of plant failures at Council Recycling Centres across the city?

Answer (1) Yes, records are kept of reported defects, breakdowns and faults for Council owned plant. For plant which is leased or on long term hire, records are kept in line with health and safety criteria

Question (2) Over the last five years, by year, how often has each centre had to cease normal public service due to:

- a. plant failure?
- b. staff shortages?
- c. any other reason?

Answer (2) Manual diary records are held at each centre to indicate when a facility has been closed and these diaries are not currently retained for more than one year. These diary entries may not always record the reason for closure or the length of the closure.

There are occasions when the sites have been closed due adverse weather conditions (high winds) and at Sighthill, during the construction phase of the new Depot and Waste Transfer Station for health and safety reasons, the site has closed for short periods. These are planned as far as possible, however short notice closures have taken place where there has been an immediate health and safety concern.

I have asked officers to investigate the potential to create a central record of closures to include the reason and duration of closure. This will assist in maximising opportunities to learn lessons going forward and will be retained for five years.

- Question** (3) What communication strategy is in place to inform the public when the recycling centre becomes inoperative?
- Answer** (3) All closures are advised on social media and on the Council's web site. The Contact Centre is also informed to ensure customers calling the Council are kept up to date. On site, Council staff are located at the entrance of sites where a closure is taking place at short notice to advise customers of the closure, and to direct customers to alternative sites or likely reopening times.
- Question** (4) Is there a plant servicing agreement for all three recycling centres and can you confirm servicing is carried out in-line with this agreement?
- Answer** (4) Servicing and safety inspections for Council owned plant is planned and carried out by the Fleet and Workshops team according to manufacture and health and safety standards. The servicing and safety of hired or leased plant is the responsibility of the owner but is maintained to the Council's specified standards.
- Question** (5) What contingency arrangements are in place in the event of plant failures?
- Answer** (5) The Council has a reactive repair service in place to respond to any plant failure within and outwith the operating hours of the centres. If there is a failure which requires urgent repair and could potentially impact on the operation of the centre, a network of plant hire options are available.
- Question** (6) What changes have there been to Council Recycling Centre opening hours, if any, over the last year?
- Answer** (6) As approved at the Transport and Environment Committee on 5 March 2019 new opening and closing times were introduced from 1 April 2019.
- Monday, Tuesday, Wednesday, Friday, Saturday and Sunday 0900-1700; Thursday 0900-1830.
- Question** (7) What is the Convener doing to ensure Recycling Centres are available to residents in the most accessible way to aid recycling?

Answer

- (7) The report approved by Transport and Environment Committee on 5 March 2019 outlined the activities in place for the operations of recycling centres in the city - [http://www.edinburgh.gov.uk/download/meetings/id/60144/item_79 -
_household waste recycling centre opening hours](http://www.edinburgh.gov.uk/download/meetings/id/60144/item_79_-_household_waste_recycling_centre_opening_hours)

QUESTION NO 3

By Councillor Rose for answer by the Convener of the Transport and Environment Committee at a meeting of the Council on 30 May 2019

Question

In wards with high numbers of residential students, at times of the year when the volume of waste is increased as students are

- a) settling into and furnishing their accommodation
- b) leaving and clearing their accommodation:

What arrangements are in place to increase collections of waste?

Answer

In addition to the normal collection service, additional waste and cleansing collections are in place in May/June and in September each year in Southside, Fountainbridge and Newington. The additional services from 27 May to 10 June 2019 are:

- Additional waste vehicle: Tuesday (pm), Wednesday (pm), Thursday (pm), Saturday and Sunday.
- Additional cleansing vehicle: daily.

In addition, Council officers work with Edinburgh University to put in place additional collections at their student halls of residence.

We have also been working with Zero Waste Edinburgh to support reuse projects in the area.

Supplementary Question

Thank you Deputy Lord Provost, I thank the Convener for her answer. I do appreciate that the additional service will now be under way for a couple of weeks from the beginning of this week to collect from the overflowing bins caused by students decamping and leaving the residencies, so that's very helpful to have that and I appreciate that. It doesn't

however answer Part A of my question, which is the issue of getting overflowing bins in the period when students arrive, and that is also a problem in student areas at that period. So I wonder if I could perhaps re-submit the question for next month and have the first part of my question answered?

**Supplementary
Answer**

Thank you for that supplementary, please do.

QUESTION NO 4

**By Councillor Jim Campbell for
answer by the Leader of the Council
at a meeting of the Council on 30
May 2019**

Question

The Leader may be aware of some disquiet in the development community regarding what they perceive as a lack of precision when contrasting advice given to them and subsequent commentary contained in reports or made in person to the Development Management Sub Committee.

If any such concern were evidenced through appeals to the Scottish Reporter, would the Leader agree that it would reflect poorly on the culture of the Planning Service?

Answer

It would obviously be completely inappropriate to speculate on planning appeals. Any recommendations or issues raised through planning appeals will be responded to appropriately.

**Supplementary
Question**

Thank you Deputy Convener and I thank the Leader for his answer. I apologise if he feels the question was inappropriate. It is about the broad performance of our Planning Service and I'm sure the Leader and other members will receive many representations from individuals, from community groups, from applicants and from large developers all registering concern with the quality of our Planning Service. Does he believe that's a sign of success?

**Supplementary
Answer**

Usually I say thank you for the supplementary, I'm not sure on this occasion. What that statement that was just given to the Council is, is frankly nothing more than speculation and gossip and I'm not going to stand here and respond to that in any kind of meaningful way. If we want to talk about planning performance ie the targets of performance, ie how quickly applications are turned around, how many we're turning around the Department, we can have that conversation, are more than happy to have that conversation, and that is how these things should be debated. They shouldn't be debated and questioned on the basis of I've heard from Jimmy down the pub, it should be debated on the basis of the facts and the information in the

statistics on which we assess our planning performance. If there are individual aspects of planning appeals in terms of consistency of information that's another thing we can talk about, but I have to say Deputy Lord Provost, we are more than two years into this, we are all a little bit long in the tooth to be bringing things in this form to this Council.

QUESTION NO 5

**By Councillor Jim Campbell for
answer by the Convener of the
Transport and Environment
Committee at a meeting of the
Council on 30 May 2019**

Question (1) What is the book value of private number plates owned by Lothian Buses, or any subsidiary organisations?

Answer (1) This information is not available to the Council.

Question (2) What is the estimated market value of these private number plates?

Answer (2) This information is not available to the Council.

Question (3) Are the purchase of private number plates subject to any oversight by Transport for Edinburgh?

Answer (3) No.

Supplementary Question Thank you Deputy Convener and I thank the Convener for her answer. Do private number plates have any use in a publicly owned bus service?

Supplementary Answer Thank you for your supplementary. I don't necessarily believe they do, so I don't think I have any other comments to make other than I agree.

QUESTION NO 6

**By Councillor Lang for answer by the
Convener of the Transport and
Environment Committee at a meeting
of the Council on 30 May 2019**

Question (1) How many on-street public waste bins are there in the city, broken down by ward.?

Answer (1) The list of on-street waste bins by ward is provided below. These are dedicated litter bins and do not include on-street communal bins which can also be used for street litter.

ALL LITTER BINS (EXCLUDING PARKS)	
Ward	Litter Bins
01-Almond	363
02-Pentland Hills	176
03-Drum Brae/Gyle	145
04-Forth	205
05-Inverleith	150
06-Corstorphine/Murrayfield	135
07-Sighthill/Gorgie	242
08-Colinton/Fairmilehead	123
09-Fountainbridge/Craiglockhart	134
10-Meadows/Morningside	167
11-City Centre	567
12-Leith Walk	82
13-Leith	108
14-Craigtinny/Duddingston	170
15-Southside/Newington	169
16-Liberton/Gilmerton	223
17-Portobello/Craigmillar	221
No code allocated	7
Grand Total	3,387

Question (2) How does this number compare to:

(a) 2014; and

(b) 2009?

Answer (2) There are no records held for 2009 or 2014. Records were established in 2015 and are regularly updated.

Question (3) How many Council maintained waste bins are located in public parks, broken down by ward?

Answer (3) The table below shows the number of waste bins recorded as being located in a park:

LITTER BINS THAT CONTAIN "PARK" IN THE LOCATION DETAILS	
Ward	Litter Bins
01-Almond	45
02-Pentland Hills	43
03-Drum Brae/Gyle	7
04-Forth	19
05-Inverleith	24
06-Corstorphine/Murrayfield	12
07-Sighthill/Gorgie	52
08-Colinton/Fairmilehead	17
09-Fountainbridge/Craiglockhart	19
10-Meadows/Morningside	19
11-City Centre	14
12-Leith Walk	37
13-Leith	14
14-Craigentinny/Duddingston	24
15-Southside/Newington	22
16-Liberton/Gilmerton	25
17-Portobello/Craigmillar	55
No code allocated	5
Grand Total	453

Question (4) How does this number compare to:

(a) 2014; and

(b) 2009?

Answer (4) There are no records held for 2009 or 2014.

**Supplementary
Question**

Thank you very much Deputy Provost and I'm very grateful for the answers that have been provided. Perhaps you can indulge me. I am very grateful to the fact that the Vice-Convener is going to be answering my supplementary but I hope I can speak on behalf of the whole Council when I wish best wishes to Councillor Macinnes and say how much we're looking forward to her returning to her full responsibilities. Deputy Provost, the answer that was provided said that there were no figures for 2014 or 2009 but that records started in 2015, so would it be possible for the Vice Convener to write to me with those figures for 2015 and I'm presuming that there must be similar statistics available then for the number of waste bins recorded in or located in parks and if those figures are available than it would be very helpful if I could get that information as well?

**Supplementary
Answer**

Thank you for your supplementary. Happy to do so, I will add though that litter bins are set against the old ward boundaries of the information we have but that that is now being updated as part of the confirmed review project.

QUESTION NO 7

By Councillor Lang for answer by the Convener of the Transport and Environment Committee at a meeting of the Council on 30 May 2019

Question

Further to question 5.2 at the 14 March 2019 meeting of the Council, has she received a response from the Cabinet Secretary for Transport, Infrastructure and Connectivity to her letter of 18 December 2018 on fixed penalty notices against utility companies?

Answer

As set out in the response to question 5.2 at the 14 March 2019 meeting, the matter was raised as part of a broader discussion with the Cabinet Secretary for Transport, Infrastructure and Connectivity at the meeting on 9th January. Feedback is awaited from Scottish Government on where this matter sits in relation to the progression of the Transport Bill.

It should be noted that the Transport Bill will not contain the fine amounts for Fixed Penalty Notices – this is a matter of detail which will be set out in Codes of Practice/Specifications, to be determined as part of the final stages of the Transport Bill process.

Supplementary Question

Again very grateful for the answer that was provided. I'm not sure if the Vice Convener was present at the meeting which is referred to, but ultimately what I'm trying to understand Deputy Provost is really whether the Administration has picked up an appetite from the Scottish Government to do something about this. So far I have not sensed any recognition from the Scottish Government that we do have an issue over the poor fining powers that we have against utility companies when they don't carry out work properly or things significantly overrun and I am very keen that we keep up the pressure on that and so my supplementary is simply, is the Vice Convener aware of any appetite from the Scottish Government to do something about this?

**Supplementary
Answer**

Thank you Councillor Lang. No I wasn't at that meeting and so I can't really make any comment on that, but I certainly do agree that pressure needs to remain on this subject.

QUESTION NO 8

By Councillor Brown for answer by the Convener of the Education, Children and Families Committee at a meeting of the Council on 30 May 2019

Question

Homework tracking apps such as 'Show My Homework' have been successfully introduced by a number of Scottish local authorities.

This web based initiative ensures that all pupils, staff and particularly parents / carers can become more involved with homework issued by the school.

Can the Convener confirm what current progress is being made with regards to the introduction of a Homework App, either 'Show My Homework' or equivalent across all CEC secondary schools?

Answer

The Council is currently reviewing the use of Show My Homework as an online system to support the management of homework. In line with Council policy and to ensure appropriate security and governance is in place, the Digital Learning Team has conducted a Data Protection Impact Assessment (DPIA) which is being assessed by the Information Governance Unit (IGU).

As part of the assessment, officers are working to ensure appropriate contractual arrangements and an information sharing agreement is in place to achieve compliance with data protection legislation. This work is being led by City of Edinburgh Council, and is recognised by other Scottish Local Authorities wishing to adopt Show My Homework as an opportunity to achieve and share best practice.

At the request of a school who wished to use the app, an initial DPIA was carried out. At the time, the assessment highlighted aspects that were not in line with council standards. After engaging with the Head Teacher on the

benefits of the app, officers are now working to address these concerns.

Should all be deemed in line with council policy, the Information Asset Owner will grant approval for use of Show My Homework in CEC schools. At this point the use of Show My Homework will become an available option for schools that feel it would provide appropriate support to their school community.

**Supplementary
Question**

Thank you Deputy Provost. To ask the Convener what is the likely timescale for these concerns to be resolved so that the Show My Homework App can be used in schools?

**Supplementary
Answer**

Thank you for your supplementary question. I'm just studying it, it doesn't have a date on it you're correct and what I will do is have a word with the Executive Director again. He has given me a date but I've just forgotten it to be honest with you, but I'll get that sent to you.

QUESTION NO 9

**By Councillor Miller for answer by
the Convener of the Transport and
Environment Committee at a meeting
of the Council on 30 May 2019**

Question **(1)** What is the estimated cost to

- a) City of Edinburgh Council,
- b) Lothian Buses and
- c) local businesses due to the unexpected closure of Leith Street at the request of Edinburgh St James development?

Answer **(1)** a) Approximately £1500.
b) Council does not have this information.
c) Council does not have this information.

Question **(2)** What is the mechanism for

- a) City of Edinburgh Council,
- b) Lothian Buses and
- c) local businesses to recover direct costs and appropriate compensation related to the closure?

Answer **(2)** The Council managed the closure of this street by issuing a Roads Occupation Permit in line with the relevant Section of The Roads (Scotland) Act 1984. The Council has an agreed schedule of rates for charging for issuing Roads Occupation Permits. The Council is not aware of any mechanism for third parties to be reimbursed costs or to be awarded compensation.

QUESTION NO 10

By Councillor Gloyer for answer by the Convener of the Transport and Environment Committee at a meeting of the Council on 30 May 2019

- Question** (1) Over the last 12 months, how many times has permission been granted for commercial vehicles selling food, drink or merchandise to operate in the city's parks?
- Answer** (1) Six new let permissions have been granted in the last 12 months. These permissions are for 12 months unless shown below.
- Question** (2) Please list the parks where such permission was granted and the dates when the vehicles operated there.
- Answer** (2)
- West Princes Street Gardens (one, effective from May and another effective from June 2019);
 - Inverleith Park (effective from April 2019);
 - Meadows (effective July 2019);
 - Roseburn Park (set dates only 8 June, 24 August, 6 September 2019); and
 - Cramond (effective April 2019).
- Question** (3) What is the process for consultation with the respective community council, Friends of the Park (where such a group has been constituted) and other users and neighbours of the park, in advance of a catering concession being granted?
- Answer** (3) As these let arrangements are renewals, there was no consultation undertaken. When new concessions are considered, local ward members, community councils, friends of parks and park users are consulted as appropriate.

**Supplementary
Question**

Thank you Deputy Lord Provost and thanks for the answers. I wanted to ask for clarification of what constitutes a renewal of a let engagement, in the specific case of Roseburn Park in my own ward and I don't have knowledge of the others but with Roseburn Park it's true that the business concerned previously had a catering van in the park for BT Murrayfield fixtures but this was several years ago and since then there's been massive flood prevention work in the park, the conditions are completely different, there's new grass, there's newly replanted trees, the access points to the park have been changed and the Friends of Roseburn Parks had legitimate concerns about potential damage to the park and these were brushed aside to such an extent that a site visit took place without the Friends even being informed of it. So could I ask please what is the definition of a renewal as opposed to a new let?

**Supplementary
Answer**

Thank you for your supplementary Councillor Gloyer. You've spoken specifically about a park within your ward and I think it would be more worthwhile if we perhaps have a meeting and go over that with the officers to discuss in details your concerns.

QUESTION NO 11

By Councillor Booth for answer by the Convener of the Transport and Environment Committee at a meeting of the Council on 30 May 2019

Question

When will the consultation be launched on extending bus lane hours to 7am-7pm, 7 days a week, as agreed at Transport and Environment Committee on 9 August 2018?

Answer

The consultation will be held between September and October 2019.

Supplementary Question

I thank the Vice Convener for her reply. Please could she clarify the wider timetable for rolling out the extension to bus lane hours that was agreed at Transport and Environment Committee in August of last year?

Supplementary Answer

Thank you for your supplementary. A consultation plan and programme has been prepared with the intention of seeking the views of interested parties and members of the public on the introduction of all day bus lanes operating seven days a week.

The consultation format will include an online survey for members of the public and stakeholders hosted on the Council's consultation hub, accompanied by hard copy surveys available in Edinburgh libraries, stakeholder workshops for more detailed discussions and engagement with the groups of stakeholders and briefings and discussions with the Transport Forum and Edinburgh Access Panel. The consultation results will be analysed with the findings reported back to Committee early 2020.

QUESTION NO 12

By Councillor Booth for answer by the Convener of the Transport and Environment Committee at a meeting of the Council on 30 May 2019

Question

Further to the answer to question 28 on 23 August 2018, will the council publish the waiting times for pedestrians at key pedestrian crossings in the city centre?

Answer

Yes, the waiting times for pedestrians at key crossings in the city will be published shortly on the Council's website. A dedicated page will be setup and a link added to:-

http://www.edinburgh.gov.uk/info/20016/roads_travel_and_parking

The analysis will cover the nine sets of traffic signals along Princes Street, from North Bridge to Queensferry Street.

Should there be any major changes be made to the signal timings in the future, the information will be re-calculated and updated on the website.

Supplementary Question

Again I thank the Vice Convener for her reply. Please could she clarify the meaning of published shortly in the answer, does that mean this month this year or this decade?

Supplementary Answer

Thank you Councillor Booth for your supplementary, the end of July 2019.

Item no 5.1

QUESTION NO 1

By Councillor Miller for answer by the Convener of the Housing and Economy Committee at a meeting of the Council on 27 June 2019

Question

How many properties have been the subject of investigation due to short term holiday lettings in the last 12 months and the previous 12 months, including issues relating to planning, antisocial behaviour, noise, waste, and safety including fire risks and overcrowding

Answer

Item no 5.2

QUESTION NO 2

**By Councillor Johnston for answer
by the Convener of the Transport and
Environment Committee at a meeting
of the Council on 27 June 2019**

Tram Extension – Final Design

Question

What opportunities will the public have to engage with the final design?

Answer

Item no 5.3

QUESTION NO 3

By Councillor Laidlaw for answer by the Convener of the Transport and Environment Committee at a meeting of the Council on 27 June 2019

Question (1) What new measures have been implemented this year to address the issue of weeds on our streets and pavements?

Answer (1)

Question (2) Can the convener provide details of the number of referrals, number of treatments administered and number of repeat treatments?

Answer (2)

Question (3) What system is in place to gauge effectiveness of the treatments?

Answer (3)

Item no 5.4

QUESTION NO 4

By Councillor Mowat for answer by the Convener of the Transport and Environment Committee at a meeting of the Council on 27 June 2019

To ask the Convener of Transport and Environment to:

Question (1) Provide details of the numbers of choked drains that have been unblocked in the past 12 months by Ward?

Answer (1)

Question (2) Provide details of whether these have been treated as a result of individual complaints being raised by members of the public or as part of regular maintenance?

Answer (2)

Question (3) Confirm there is a planned maintenance schedule for the clearing of choked drains and could this be provided, broken down by Ward?

Answer (3)

Item no 5.5

QUESTION NO 5

By Councillor Mowat for answer by the Convener of the Transport and Environment Committee at a meeting of the Council on 27 June 2019

In the plans put out for consultation on the Low Emission Zones the proposed boundaries have the effect of diverting traffic through adjacent residential areas. Can the Convener confirm:

- | | |
|-----------------|--|
| Question | (1) If there was an EIA carried out prior to proposing the boundaries?) |
| Answer | (1) |
| Question | (2) If an EIA was carried out please append a link to it in the response to these questions? |
| Answer | (2) |
| Question | (3) Have baseline measurements for CO ₂ , NO _x , PM ₁₀ , PM 2.5 and noise been carried out along all the boundaries and adjacent streets proposed? |
| Answer | (3) |
| Question | (4) If the answer to 2, is yes, where is this information published? |
| Answer | (4) |
| Question | (5) What assessment has been made of the impact of displacement of non-compliant EuroVI engined vehicles on streets adjacent to the boundaries? |
| Answer | (5) |
| Question | (6) If such an assessment has been made where can this data be found? |
| Answer | (6) |

Item no 5.6

QUESTION NO 6

By Councillor Mowat for answer by the Convener of the Transport and Environment Committee at a meeting of the Council on 27 June 2019

Question

Will the arrangement in place for the end of May and early June in response to Councillor Rose's question 5.3 answered at the May 2019 Council meeting relating to Southside, Fountainbridge and Newington, apply to other student areas e.g. City Centre Ward or elsewhere?

Answer

Item no 5.7

QUESTION NO 7

By Councillor Webber for answer by the Convener of the Education, Children and Families Committee at a meeting of the Council on 27 June 2019

Can the Convener please reassure families that information previously provided stating the target intake date of spring 2020 is still correct as many families are counting on this timescale by confirming:

Question

- (1) When we can anticipate the building of the new Nether Currie Early Years facility to commence?
- a. If not yet known when can we expect the start date to be confirmed?

Answer

- (1)
- (2) What date can we expect the first intake for pupils?
- a. If not yet known, when can we expect this to be confirmed?
- (2)
- (3) When will the staff recruitment process begin ahead of the building completion date?
- (3)
- (4) When can we expect the Landscape architects, engaged by CEC, to provide plans for the proposed improvements of existing primary schools (this was promised in 2018)?
- (4)

Item no 5.8

QUESTION NO 8

By Councillor Laidlaw for answer by the Convener of the Education, Children and Families Committee at a meeting of the Council on 27 June 2019

Given the apparent lack of progress and detail around the West Edinburgh High School, can the convener please provide an update on:

- | | |
|-----------------|--|
| Question | (1) Proposed location of the school following the Education, Children and Families Committee decision to explore alternatives to the Ratho Station site? |
| Answer | (1) |
| Question | (2) Estimated construction completion timescales? |
| Answer | (2) |
| Question | (3) Funding available and funding required? |
| Answer | (3) |
| Question | (4) How will pupils be accommodated at other schools until the project is completed, especially in light of sign-off of major new developments in this catchment? |
| Answer | (4) |

Item no 5.9

QUESTION NO 9

By Councillor Rust for answer by the Convener of the Education, Children and Families Committee at a meeting of the Council on 27 June 2019

Can the Convener please confirm;

- Question** (1) Who made the decision to issue letters to Primary School Headteachers regarding lack of money to provide special needs support?
- Answer** (1)
- Question** (2) On what date were these letters issued and on what date was a subsequent communication issued by the Council reversing the reduction in financial support?
- Answer** (2)
- Question** (3) Who made the decision to overturn the refusal to spend more money on additional support needs?
- Answer** (3)
- Question** (4) When and by what means were all elected members advised?
- Answer** (4)
- Question** (5) Where was the money located / from where will the spend be funded and will any sacrifices be made to accommodate this spend?
- Answer** (5)
- Question** (6) Is the sum of £5million (as reported in the media) accurate?
- Answer** (6)
- Question** (7) What was the overspend in budget last year?
- Answer** (7)

Item no 5.10

QUESTION NO 10

By Councillor Brown for answer by the Convener of the Transport and Environment Committee at a meeting of the Council on 27 June 2019

Question

Further to the Convener's comments at Full Council Budget Meeting on 21st February 2019 and the subsequent establishment that Road Mole was indeed more than a just a Computer Generated Image on Twitter, can the Convener offer an update on progress being made in conducting a trial of said machine as a way to help solve Edinburgh's potholes problems?

Answer

Item no 5.11

QUESTION NO 11

**By Councillor Staniforth for answer
by the Convener of the Transport and
Environment Committee at a meeting
of the Council on 27 June 2019**

On the 9th June the road to Seafield Recycling Centre was closed due to safety concerns. In light of this:

Question (1) What was the extent of public consultation on the use of the road before the entrance on Fillyside Road was closed and the Seafield Road entrance opened?

Answer (1)

Question (2) Why were traffic numbers so under-estimated at the site that the entrance had to be closed down?

Answer (2)

Question (3) What is being done to ensure that entry to Seafield Recycling Centre is both safe and efficient in the future?

Answer (3)

Item no 5.12

QUESTION NO 12

By Councillor Lang for answer by the Convener of the Transport and Environment Committee at a meeting of the Council on 27 June 2019

Question (1) What grass collection equipment is owned and operated by the parks and greenspaces team?

Answer (2)

Question (2) On what basis is any such equipment deployed across the four localities?

Answer (2)

Item no 5.13

QUESTION NO 13

By Councillor Lang for answer by the Convener of the Transport and Environment Committee at a meeting of the Council on 27 June 2019

Question (1) 1. What percentage of streets have been treated for weeds this year, broken down by ward?

Answer (1)

Question (2) How do these figures compare to this time in (a) 2018 and (b) 2017?

Answer (2)

Question (3) What further resources are being allocated to weed clearance over the next three months?

Answer (3)

Question (4) Can the Council's weed control policy be uploaded to the section of the website relating to weed control?

Answer (4)

Question (5) How many complaints or requests for weed clearance have been received so far this year, broken down by ward?

Answer (5)



Two years on...

Edinburgh is a vibrant city full of opportunity and, since forming the SNP-Labour coalition two years ago, we've worked extremely hard to ensure that **all residents can share in this success**; investing in the things that support and sustain growth while confronting the challenges that come with it.

Our city's attractiveness contributes to its continued growth: by 2023, there will be 4,000 more children in our schools and our total population will have increased by 23,000 people. And while we can feel proud of our world-class status, we must also recognise and address the pressure on our core services and on the people who live and work here.

At the heart of this coalition is our commitment to **improve opportunity, increase inclusion and tackle inequality and poverty**. Building thousands of new affordable homes, opening outstanding new schools and supporting hundreds of young apprentices each year are just some of the ways in which we are ensuring everyone has the best chance to be involved in and benefit from that growth.

Our five-year programme remains a bold one that will still take a great deal of hard work to deliver. But, as I set out below, we've made great progress across a number of areas since 2017.

Ambition on a global scale

Edinburgh has become synonymous with ambition over the past two years. Whether it's our transformative vision for **putting people at the heart of our places**, our pioneering monthly [Open Streets](#) events, our bold 2030 carbon neutral target or our nation-leading push for both a tourist tax and tighter regulation of short-term lets to protect our communities – we're making people in Scotland and far beyond sit up and take notice of what we're trying to achieve for current and future generations.

The climate emergency and, crucially, the impact of worsening air quality on our health and wellbeing are a critical focus and we're asking for feedback right now on our ambitious [Low Emission Zones](#) and [City Centre Transformation](#) plans – please [have your say](#) on our Consultation Hub if you haven't already.

Our emphasis on reducing private car usage by investing in walking, cycling and public transport to **cut emissions, reduce congestion and boost people's health**, is at the heart of ongoing projects such as the City Centre West East Cycling Link, West Edinburgh Active Travel Network and Meadows to George Street route.

Taking [trams to Newhaven](#) is all about future-proofing our transport network to manage the population growth expected here – much of our city's growth will be focused around Leith and north Edinburgh. It's that growth that will double overall tram passenger numbers in the first year to 16 million, bringing **economic, social and environmental benefits** to the city. And, crucially, the project will not divert money from other Council services.

Just along the waterfront, plans to unlock the incredible potential of the [Granton Waterfront](#) are beginning to take shape and we're very excited to work together with the public and our partners to revitalise this underused part of the city.

Of course, our ambition extends far beyond the city limits, having played our part in securing the transformational [£1.3bn City Region Deal](#), which will bring much-needed **investment in housing, transport, skills, innovation and culture** across the region over the next 15 years.

We're already hailed as the UK's greenest city, but we can't rest on our laurels. We're very pleased to have secured nearly £900k in [Future Parks](#) funding to ensure our wonderful parks and greenspaces continue to thrive for generations to come. This work goes hand in hand with our commitment to planting and looking after more and more trees in Edinburgh – with more than **12,000 trees planted in the last two years**.

Food security is another major challenge for all cities and our fantastic Edible Edinburgh project aiming to make sure everyone in the city has access to good, healthy food is making real progress. It was brilliant to see the partnership scoop a bronze [Sustainable Food Cities award](#) earlier this month – a great example of organisations from all over the Capital pulling together to make a real, positive difference.

Getting the basics right

Of course, all this effort to secure a thriving future for Edinburgh would be pointless if we weren't also looking after the city and our residents in the here and now. Delivering core services to the best of our ability is an absolute priority and I'm pleased to see significant improvements in the services that matter most to our residents as a result of our hard work.

We experienced an inevitably bumpy period when we introduced new collection rotas and other changes to our waste service late last year but, in recent months, complaints have fallen to their lowest level in five years. Our focus now is on building on that progress to ensure **residents continue to receive the high standard of service they expect and deserve**.

Making streets and paths as safe and accessible as possible is crucial if we're to encourage more active travel. Although there's still clearly a way to go, our Roads Improvement Plan is already paying dividends in improving the condition of roads and footways across the city. We've committed to invest more than £120m in our road and path network over the life of this Administration and just this week we learned that our official **Road Condition Index is now at its highest level since 2012** – a great result for all road users.

We've put extra resources into preventing homelessness, and with initiatives such as our new Rent Deposit Scheme, we're putting a real focus on creating more routes out of it. We're also investing in services to **support our most vulnerable residents** through Housing First while our Rapid Rehousing Transition Plan gives us a framework to end the use of temporary accommodation completely.

It sounds obvious but house building is the ultimate solution to the housing challenges that we face in Edinburgh. And we're doing this through one of the **most ambitious council-led housebuilding programmes in the UK**. Together with our housing association partners, we've committed to build 20,000 new affordable homes over the next ten years. Over the last two years we've built over 2,000 affordable homes with our partners and the Council alone has another 3,000 under construction or design.

We're **investing heavily in our property estate** and, as part of our budget, we have approved over £150m worth of investment in the upkeep of council buildings across the city, including schools, libraries, community centres and offices.

Investment in **education remains a priority** for this Administration, with Boroughmuir and St John's both having opened their doors to pupils, and work on a new Queensferry High well underway. Planning permission has now been granted for a new St Crispin's and we're waiting for planning consent for a fantastic new Castlebrae High School, with construction work due to start on both later this year.

We're also making great progress in meeting the expansion of early years and childcare provision to 1,140 hours with 49 of our centres providing the additional hours to over 2,000 children. Further, as part of our drive to tackle child poverty we've set up a Pupil Equity Framework, the first local authority in the UK to do so, increased school uniform grants to £100 and established our Child Poverty Action Group so we can help those most in need.

Addressing the consequences of **poverty continues to be one of our biggest challenges**. Sadly, too many of our residents' lives are affected by not having enough to support themselves and their families. We are determined to confront this and, late last year, we launched the [Edinburgh Poverty Commission](#), tasked with defining the steps the city must take to reduce and prevent poverty.

Turning to social care, we've seen significant improvements in performance across a number of areas. The number of **people waiting for care in their home has halved in the past year**, while the number of people delayed from leaving hospital has dropped by more than a third. Given the Edinburgh Health & Social Care Partnership's focus on helping people to live their lives in their own homes wherever possible, these are particularly welcome results.

Celebrating our diversity

One inescapable issue dominating news headlines over the past two years (and before) is Brexit. Even more reason, then, for our continued efforts to reinforce Edinburgh's position in the UK and Europe as a **thriving, vibrant and welcoming place to live and do business**.

While uncertainty in Westminster endures, the one certainty we do have is that every Edinburgh resident, no matter their nationality, will continue to be treated on equal terms post-Brexit. It's a mark of Edinburgh's appeal and diversity that the Capital is home to far more EU nationals than any other Scottish city and we've taken action to make it easier for our 40,000+ citizens to sign up to the [European Settlement Scheme](#).

Edinburgh is known as a welcoming city and it's thanks to how we **embrace our cultural diversity** that many people are drawn to stay. All of our wards have a higher ethnic diversity than Scotland's average and, dozens of languages are spoken by young people in our schools.

Over the last two years we have rolled out Confucius classrooms, celebrating and promoting Chinese language and culture in schools. We have brought communities together with Scotland's largest ever celebrations and parades for [Chinese New Year](#) and [Diwali](#), the Indian Festival of Light, and even today for the [UN International Day of Yoga](#), a free mass yoga session is taking place next to the Scott Monument backed by the Lord Provost and Indian Consul General.

Earlier this month, we celebrated the graduation of a further 22 interns through the [Edinburgh Project SEARCH](#) programme, an invaluable approach to helping those who have additional needs when they are beginning new careers. Since 2017, 65 interns have taken part in the project and, of those who graduated, well over half have found permanent employment.

This month also marks one year since **our streets were filled with colour** for [Processions](#), when tens of thousands of women and girls took part in a massive commemoration of a century since the first votes for women and continued their march for full gender equality. It seems apt then that, on Saturday, Edinburgh's [PRIDE Scotia](#) takes place, marching for full equality for LGBT+ communities at home and around the world. This comes after our Council chose to fly the trans inclusion flag for the first time above the City Chambers in February – a move to be repeated this weekend as part of the Pride celebrations.

All of these events are free and welcome anyone to join in, and all of them take pride in the many diverse **people and communities who make our city so great**. What could be more Edinburgh than that?

Get involved

Keep up to date with all council news via our [news section online](#). You can watch live council and committee meetings via our [webcast](#) service and join the debate on Twitter using #edinwebcast. If you wish to unsubscribe, please [email](#) us.

The City of Edinburgh Council

10.05am, Thursday, 27 June 2019

Appointments to Committees, Outside Bodies etc

Executive/routine Wards Council Commitments	All
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1. Recommendation

- 1.1 To complete the membership of the new Policy and Sustainability Committee by appointing to its full membership of 17, to take effect from 5 August 2019.
- 1.2 To note that the Green Group has appointed Councillors Main and Staniforth as co-conveners, and agree that Councillor Staniforth should receive the Group Leader's Senior Councillor Allowance from 28 June 2019.
- 1.3 To consider whether to replace Councillor Cameron as a Council representative on a number of outside organisations, and if so to appoint replacement members.
- 1.4 To appoint a replacement member on the Dean and Cauvin Young People's Trust.

Andrew Kerr

Chief Executive

Contact: Allan McCartney, Committee Services

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Appointments to Committees, Outside Bodies etc

2. Executive Summary

- 2.1 The new Policy and Sustainability Committee is to have 17 members, comprising 5 SNP; 5 Conservative; 3 Labour; 2 Green and 2 SLD. All the current Executive Committee conveners are to be members. Council is now asked to confirm the remaining members of this committee.
- 2.2 Council is asked to note the Green Group's appointment of co-conveners, and agree that Councillor Staniforth should receive the Group Leader's Senior Councillor Allowance from 28 June 2019.
- 2.3 Councillor Cameron currently represents the Council on a number of outside organisations, as a result of her previous position as vice-convenor of the Housing and Economy Committee.
- 2.4 Council needs to decide whether Councillor Cameron should continue as an individual member of these organisations, and if not who her replacement(s) should be.
- 2.5 Councillor Ian Campbell has resigned as a member of the Dean and Cauvin Young People's Trust. A replacement representative is sought.

3. Main report

- 3.1 At its meeting on 30 May 2019 Council agreed a revised remit for the Corporate Policy and Strategy Committee; renamed it the Policy and Sustainability Committee, and agreed an increased membership of 17 members, including the Executive Committee conveners. These changes will take effect from 5 August 2019.
- 3.2 The current committee membership comprises eleven members:- Councillors McVey, Day, Perry, Rankin, Macinness, Jim Campbell, Daggart, Whyte, Booth, Mary Campbell, and Aldridge. As previously agreed two executive committee conveners will now be added to its membership – Councillors Kate Campbell and Wilson.
- 3.3 To establish the membership to the agreed level, the following additional appointments are now required:- SNP (1 member); Conservative (2 members); SLD

(1 member). Council is invited to appoint these members, and also confirm any amendments to the current members.

- 3.4 The Green Group has intimated the appointment of Councillors Main and Staniforth as group co-conveners. It has indicated its intention that the Group Leader Senior Councillor Allowance should be paid to Councillor Staniforth.
- 3.5 If this is agreed at this meeting, it is proposed that the allowance is payable from 28 June 2019.
- 3.6 On a separate appointments issue, Councillor Cameron remains as a Council representative on a number of outside organisations, linked to her previous role as vice-convener of the Housing and Economy Committee. As Councillor Cameron's role has changed, a decision is required about whether she should remain on these groups as an individual member. The organisations concerned are: Capital City Partnership; EDI and Housing Management – LLP Corporate Body.
- 3.7 A vacancy exists as the Council's representative on the Board of Governors of the Dean and Cauvin Young People's Trust, following the resignation of Councillor Ian Campbell. The Trust, one of the oldest in the country, works to keep young people from living on the streets and provides a continuum of care to young people aged 15-21 as they make the transition from being looked after and accommodated to living independently in the community.

4. Next Steps

- 4.1 Any changes in representation will be communicated to the organisations concerned.

5. Financial impact

- 5.1 The payment of a Senior Councillor Allowance for one Green Group co-convener can be funded from the existing budget.

6. Stakeholder/Community Impact

- 6.1 None.

7. Background reading/external references

- 7.1 None.

8. Appendices

8.1 None.

City of Edinburgh Council

10.05am, Thursday 27 June 2019

Office of Lord Provost: Year Two Report 2018/19

Executive/routine	
Wards	All wards
Council Commitments	2, 6, 7, 9, 15, 18, 31, 46, 47, 51, 52

1. Recommendations

It is recommended that the Council:

- 1.1 welcomes this report from the Office of the Lord Provost and notes the range and variation of the work undertaken in Year 2 of the current administration:
- 1.2 notes the increased volume of activity in Year 2 in terms of civic events, speeches made and numbers of people attending engagements;
- 1.3 notes the wider economic impact of specific Conferences and Gatherings supported by the Lord Provost and Depute Lord Provost in 2018/19; and
- 1.4 endorses the direction of travel and key undertakings in 2019/20.

Andrew Kerr

Chief Executive

Contact: Norma Cuthbertson, Executive Assistant to the Lord Provost/ Clerk to the Lieutenancy, Email: norma.cuthbertson@edinburgh.gov.uk | Tel: 0131 469 3816

Graeme McKechnie, Senior Corporate Policy and Strategy Officer,
E-mail: graeme.mckechnie@edinburgh.gov.uk | Tel: 0131 553 3861

Report

Office of Lord Provost: Year Two Report 2018/19

2. Executive Summary

- 2.1 This second-year report highlights the range of activity undertaken by the Office of the Lord Provost (OLP) in the period June – May 2018/19 inclusive.
- 2.2 The report profiles the nature of civic events and other activity commensurate with the wider civic and policy role of the Lord Provost/Lord Lieutenant and other Civic Representatives (Depute Lord Provost, Bailies and Deputy Lieutenants).
- 2.3 In terms of scale, the Office has been highly productive with an average of 44 civic events per month, compared to the 42 per month recorded in last year's report. The overall number of people attending civic events has also increased from 15,000 to 17,300 attendees per month.
- 2.4 Initial measures of the economic impact of the civic programme are also included, based on estimates received from Marketing Edinburgh in relation to key international conferences and gatherings held in Edinburgh.
- 2.5 Key features of the civic programme are also highlighted in the year ahead.

3. Background

- 3.1 At its meeting on 23 August 2018, the Council welcomed the Year One Report from the Office of Lord Provost and endorsed the proposed direction of travel for 2018/19. [Office of the Lord Provost: Year One 2017-18 Report](#)
- 3.2 Further reports, commensurate with the routine Council Annual Report in June each year, were also called for.

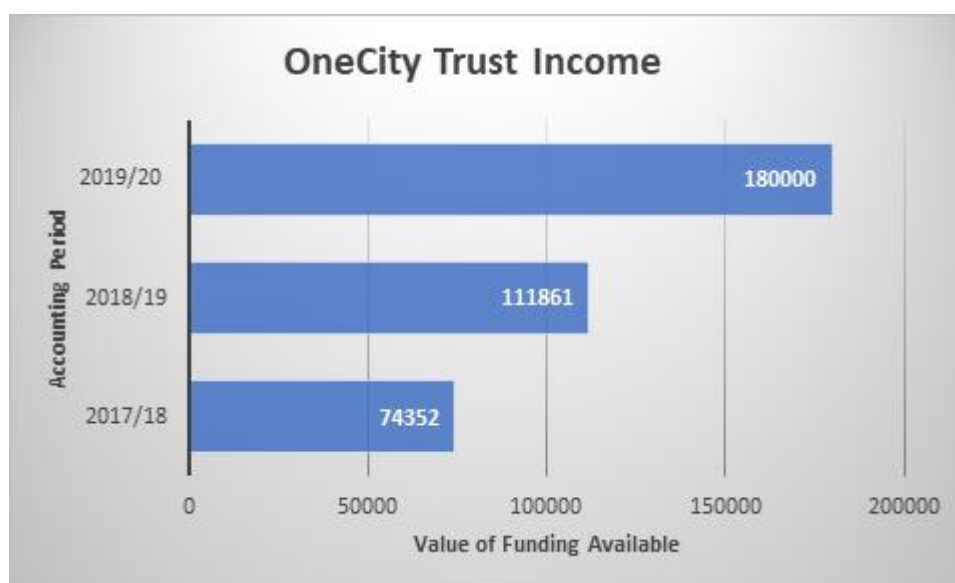
4. Main report

- 4.1 In line with the Council's approach on accountability, transparency and cooperative action, this report provides information on both the breadth and reach of the work of the Office of the Lord Provost (OLP) in the second year of the administration.

Key Achievements in 2018/19

- 4.2 Key elements of the civic programme over the period June 2018 to May 2019 reflect the strategic priorities set out in the previous report to Council. Highlights included:
- 4.2.1 the visit to the UNESCO Creative Cities Network in Krakow on 12 and 13 June when the Lord Provost represented Edinburgh as the founding member and lead city of the Cities of Literature network, comprising 180 cities in 72 countries;
 - 4.2.2 the presentation of the First Regimental Guidon (colours) to the Scottish and North Irish Yeomanry by the Lord Lieutenant on behalf of The Queen at Redford Barracks on 15 September 2018;
 - 4.2.3 the ninth Edinburgh Riding of the Marches on 16 September 2018 and civic procession from John Knox House to the Mercat Cross where the Lord Provost was presented with a bronze horse shoe, in memory of the millions of horses and other animals lost during The Great War, by the War Horse Memorial Trust;
 - 4.2.4 the forging of links on the first visit to Shenzhen, China from 12 to 15 October 2018, revisited from 13 to 16 May 2019 to attend the Smart City Forum and sign the Sister City Agreement between the two cities;
 - 4.2.5 the conclusion of the World War One Commemorative programme in Edinburgh, culminating with the Armistice Day events on Sunday 11 November 2018 which involved thousands of residents and visitors alike on this extremely poignant occasion;
 - 4.2.6 the proper Civic Recognition of both individuals and organisations, including the 12th Edinburgh Award to Doddie Weir, former Scotland Rugby Internationalist and founder of My Name's Doddie Foundation to tackle Motor Neurone Disease, at a special ceremony at the City Chambers on 23 November 2018;
 - 4.2.7 the hosting of the major Eurocities AGM and Conference at the EICC from 28 to 30 November 2018 (held in Scotland for the first time) when over 500 delegates from over 120 member cities addressed the theme of Creative Competitive Cities and included a Young Ambassador programme for the first time;
 - 4.2.8 the Council's signing of the Armed Forces Covenant for Business, aligned to a submission for the Defence Employer Recognition Scheme Gold Standard, and establishment of the Lord Provost's Commission on the Strategy for Our Ex Forces Personnel" in March 2019;
 - 4.2.9 the championing of the 2050 Edinburgh City Vision Steering Group and award-winning public engagement campaign to elicit over 54,840 visions which are being reviewed prior to launching the 2050 Edinburgh City Vision in September 2019;

4.2.10 the ongoing leadership support for the One-City Trust which awarded grants, amounting to £111,861, in 2018/19, expected to increase to £189,000 in 2019/20 as shown below:



Summary of Activity 2018/19

4.3 Over the 12 months June 2018 to May 2019:

4.3.1 492 civic events have taken place, including more than 100 standing Lord Provost annual events, with an average of 44 per month;

4.3.2 218 speeches were provided for civic events, with requisite preparations and briefing material provided;

4.3.3 some 207,800 people have attended events where a Civic Representative has participated, averaging over 17,300 attendees per month;

4.3.4 the City has been represented at local, Scottish, UK and international level;

4.3.5 across the events, the work and representation of diversity groups has been a major theme;

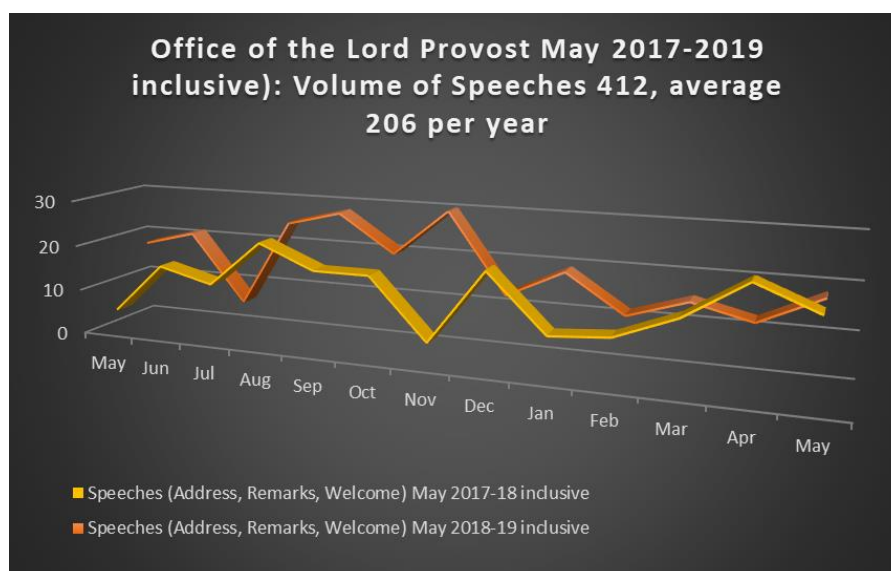
4.3.6 47 visits by senior members of the Royal Family were supported through the Lieutenancy – the highest volume of visits to the Capital in recent years;

4.3.7 in support of these events, 422 related routine business and pre-planning meetings also took place during this period; and

4.3.8 total engagements (combining civic events and routine business) totalled 914, with an average of 76 per month.

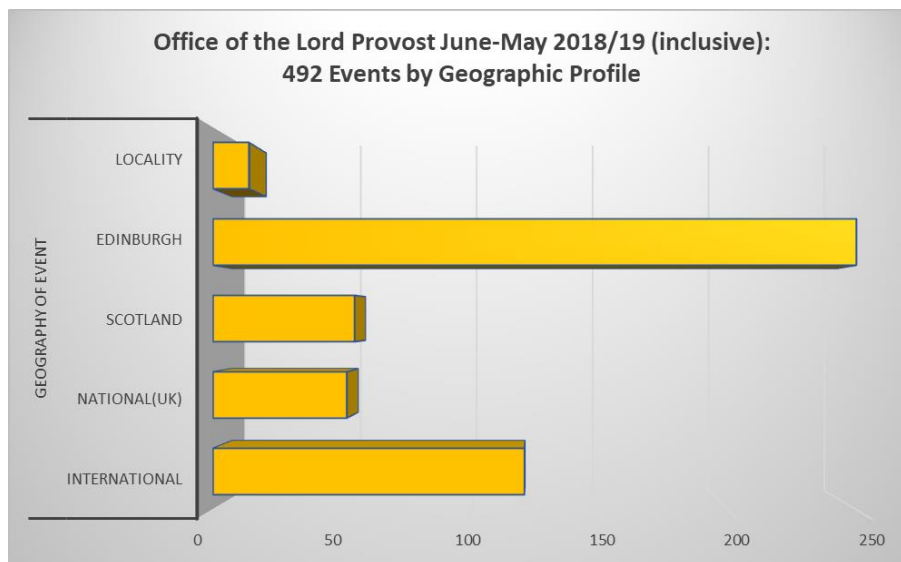
Analysis of Activity 2018/19

- 4.4 Across the 492 civic events:
- 4.4.1 380 (77%) events were of a formal civic nature with a requirement to wear the Civic Chains of Office;
 - 4.4.2 67 events (14%) comprised award/recognition activity, lieutenancy duties, and civic receptions;
 - 4.4.3 5 events (1%) of activity constituted overseas visits; and
 - 4.4.4 218 speeches were provided.
- 4.5 As indicated in the graphic below, this represents a 12% increase on the last period (May 2017/18 inclusive) when 194 speeches were undertaken.
- 4.6 Speeches are coordinated by the Civic Office, with assistance from other sources and contributors as necessary.



- 4.7 Across the year, events were attended by around 207,800 people, meaning an increase of 4.5% on the previous period (May 2017-May 2018). Most events (51%) were attended by up to 1,000 people, with small gatherings (up to 100 attendees) representing the balance of events (41%). 8% of events were large in nature with an attendance over 1,000.
- 4.8 The graphic below outlines the pattern of work undertaken geographically across the 492 events. The chart indicates that:
- 4.8.1 250 (51%) focused upon the City;
 - 4.8.2 121 (24%) were of an international dimension, including meetings with foreign dignitaries, and visiting groups from other countries;

- 4.8.3 107 (22%) celebrated the City's capital role in Scotland and as a leading city within the UK, including military, memorial and charitable causes; and
- 4.8.4 14 (3%) are locality activity, consisting of visits to schools, care centres and community groups.



Development of the Edinburgh Lieutenancy

- 4.9 During the year, the Lord Lieutenant brought together the Deputy Lieutenants (23 currently) to consider priorities for the City. Following discussions, it was agreed that the Lieutenancy would focus on:
- 4.9.1 maximising nominations for city volunteers and enterprises as potential recipients for The Queen's Awards for Voluntary Service and The Queen's Awards for Enterprise; and
- 4.9.2 increasing the number of Edinburgh citizens nominated for an Honour.
- 4.10 The Lieutenancy is now working with third sector and business leaders to maximise awareness of these schemes, and to improve the levels of recognition in the City.
- 4.11 The Deputy Lieutenants have also been actively involved in the succession planning for the Monarchy and the key role that they will play in this regard, at some point in the future.

Wider Economic Impact

- 4.12 It is not possible, without a full economic impact assessment, to accurately assess the value of the civic role to the city. There are of course demonstrable benefits when key civic events draw large crowds to the city with a commensurate level of spend within the retail and hospitality sectors.

- 4.13 There is also a tangible effect resulting from the civic interface with the many international conferences and gatherings that take place in the city. A key role for Lord Provost is to work with Marketing Edinburgh in ensuring that Edinburgh succeeds as the preferred location in the face of intense competition from other UK cities. This often entails pre-meets and promotional visits to the City Chambers with prospective clients.
- 4.14 In addition, a formal civic welcome by the Lord Provost or representative is included within the marketing strategy used to attract large and prestigious events into the City. Recent examples include the NATO Science Conference, Delta Airlines Conference, Social Enterprise World Forum and substantial numbers of international academic, scientific, finance and tourism-themed events.
- 4.15 The economic benefit to the city of specific events is estimated by Marketing Edinburgh as set out in the table below:

Date	Civic Leader	Event	No of Delegates	Economic Benefit
18 April 2018	Depute Lord Provost	British HIV Association for Sexual Health and HIV	800	£1,651,200
17 June 2018	Lord Provost	94 th European Orthodontic Society Congress	2,000	£4,070,000
12 September 2018	Lord Provost	11 th Employability and Skills Scotland 2018	160	£38,000
5 October 2018	Lord Provost	International Kidney Cancer	400 - 500	£500,000
28 November 2018	Depute Lord Provost	Difficult Airway Society Annual Scientific Meeting	700	£1,083,600
15 May 2019	Depute Lord Provost	Genomic Medicine Conference	120	£154,200
			TOTAL	£7,497,000

5. Next Steps

- 5.1 Whilst core annual elements of the civic role remain unaltered, major developments in the year 2019/20 will include:
- 5.1.1 the rolling out of the Lord Provost's Commission on "The Strategy for Our Ex Forces Personnel" and examination of key policy matters as set out in the new UK Strategy for Our Veterans;
 - 5.1.2 the Lord Lieutenant's presentation of the 2019 Queen's Award for Voluntary Service to the city's successful nominees - Kids Love Clothes (www.kidsloveclothes.co.uk) It's Good 2 Give (www.it'sgood2give.co.uk) and PF Counselling Service (www.pfcounselling.org.uk) following the official announcement on 2 June 2019;
 - 5.1.3 the ongoing opportunity to influence the annual Royal programme of events and engagements in Edinburgh which now feature the formal Opening of Saughton Park Walled Garden on 6 June 2019 and, subject to confirmation, the Opening of the Royal Hospital for Children and Young People in October 2019;
 - 5.1.4 the 10th Anniversary of the re-instatement of the Edinburgh Riding of the Marches, with support from the War Horse Memorial Trust, as a major civic event in the city during September 2019;
 - 5.1.5 the launching of the 2050 Edinburgh City Vision in September 2019;
 - 5.1.6 the re-signing of the Agreement of Co-operation with the Mayor of Krakow in September;
 - 5.1.7 the active promotion of the Royal Edinburgh Military Tattoo as Vice Patron, at both home and abroad;
 - 5.1.8 the detailed planning for the succession of the Monarchy which has major resource and reputational risk implications for Edinburgh as the Capital City of Scotland;
 - 5.1.9 the dissemination of some £180,000 from the OneCity Trust Main Grants Fund in targeted aid and direct support for community projects tackling poverty and social exclusion across the city; and
 - 5.1.10 the further development of international links with China and the city of Shenzhen in particular.

6. Financial impact

- 6.1 The Office of the Lord Provost operates within the budget allocated in the Council's Financial Plan 2017-21. This amounted to a total budget of £479,502 in 2018/19.

7. Stakeholder/Community Impact

- 7.1 The Office of the Lord Provost routinely undertakes engagement and co-production with a broad range of stakeholders, leading community representatives and business organisations.
- 7.2 Speeches and other inputs for events are developed in consultation with the organisers.
- 7.3 The Office of the Lord Provost assists both the Council and city partners to deliver key equality and rights outcomes, and to meet the Equality Act 2010 public sector equality duties to (i) eliminate unlawful discrimination, harassment, and victimisation, (ii) advance equality of opportunity and (iii) foster good relations.
- 7.4 The Lord Provost's stewardship of the One City Trust is also an important lever to address poverty and inequality across the Capital.
- 7.5 The Office of the Lord Provost endeavours to mitigate carbon impacts by utilising public transport where and when appropriate, where any long-distance travelling is required.
- 7.6 The Office of the Lord Provost contributes to the Climate Change (Scotland) Act 2009 public sector duties and contributes to the delivery of Sustainable Edinburgh 2020 objectives, the advancement of vibrant flourishing communities, social and economic wellbeing and an efficient and effectively managed city.

8. Background reading/external references

- 8.1 The Role of the Lord Provost is summarised on the Orb. The role of the Lord Provost's Representatives is also described.
- 8.2 The Role of the Lord Lieutenant is provided on the Orb.

9. Appendices

- 9.1 None

The City of Edinburgh Council

10.05am, Thursday, 27 June 2019

Operational Governance Framework 2019

Executive/routine
Wards
Council Commitments

1. Recommendations

- 1.1 To repeal the existing Procedural Standing Orders for Council and Committee Meetings, Committee Terms of Reference and Delegated Functions, Scheme of Delegation to Officers and Financial Regulations and approve in their place appendices 1-4, such repeal and approval to take effect from 5 August 2019.
- 1.2 To delegate authority to the Chief Executive to take such actions and make such minor adjustments to the documents set out in appendices 1-4 as may be necessary to implement the decision of the Council in relation to this report and to produce a finalised version of the documents, making them available to members for information ahead of publication.

Andrew Kerr

Chief Executive

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E-mail: gavin.king@edinburgh.gov.uk | Tel: 0131 529 4239

Operational Governance Framework 2019

2. Executive Summary

- 2.1 This report sets out changes to the key documents that support internal controls, accountability and transparent operation of the Council and recommends appropriate changes.

3. Background

- 3.1 The Council's operational governance framework is revised annually in line with best practice and to ensure the documents are up to date and relevant.

4. Main report

- 3.1 The following key documents have been reviewed and are submitted for approval:
- 3.2.1. Procedural Standing Orders for Council and Committee Meetings;
 - 3.2.2. Committee Terms of Reference and Delegated Functions;
 - 3.2.3. Financial Regulations; and
 - 3.2.4. Scheme of Delegation to Officers
- 3.2 Only minor updates are recommended to the Committee Terms of Reference and Delegated Functions and the Financial Regulations. The Committee Terms of Reference and Delegated Functions does though reflect the amendments that were made at the Council meeting on 30 May 2019.
- 3.3 The Procedural Standing Orders now includes the change agreed to deputations at the Council meeting on 30 May 2019 and proposes changes which affect the Pensions Committee. The proposed change is to recognise the role of the Pension Board which is enshrined in legislation and also to allow the Pensions Committee to agree their own set of Standing Orders if this is required. This flexibility will mean the Pensions Committee to amend its arrangements, if necessary, to reflect the different legislation and Regulators that apply to pensions. The Council's Standing Orders will continue to apply in the absence of any new standing orders agreed by the Pensions Committee.

- 3.4 There are a range of changes to the Scheme of Delegation to Officers. None of these changes are significant and reflect changes to structure and some minor amendments to ensure consistency and accuracy. A list of the changes is appended to this report.

5. Next Steps

- 5.1 If agreed the documents will be updated and published on-line.

6. Financial impact

- 6.1 There are no financial impacts as a result of this report.

7. Stakeholder/Community Impact

- 7.1 All executive directors have been consulted with in regard to the Scheme of Delegation to Officers. The Pensions Committee has considered reports on their governance arrangements which also included reference to the changes highlighted in Standing Orders.
- 7.2 It is good governance for the Council to annually review and update its operational governance documentation.

8. Background reading/external references

- 8.1 The City of Edinburgh Council – Minute 30 May 2019

9. Appendices

- 9.1 Procedural Standing Orders for Council and Committee Meetings;
- 9.2 Terms of Reference and Delegated Functions;
- 9.3 Financial Regulations;
- 9.4 Scheme of Delegation to Officers;
- 9.5 Table of changes to the Scheme of Delegation.

CITY OF EDINBURGH COUNCIL

PROCEDURAL STANDING ORDERS

FOR COUNCIL

AND COMMITTEE MEETINGS

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STANDING ORDERS

These standing orders ("**Standing Orders**") apply from ~~29 June 2018~~ 5 August 2019 and regulate the conduct of business at meetings of the City of Edinburgh Council ("**Council**") and the committees or sub-committees of the Council ("**Committees**").

1. **First meeting of the Council after an election**
 - 1.1 In an election year, the Council will hold a meeting at 10 am, no later than the third Thursday after the day of the ordinary election of Councillors.
 - 1.2 At this meeting or at any adjournment of it, the Council will
 - (a) appoint the Lord Provost;
 - (b) seek to appoint the Depute Convener, the Leader and Depute Leader of the Council, the members of the committees of the Council and their conveners and any vice-conveners, the members of the joint committees and joint boards, the members of the Licensing Board and such representatives to other bodies as the Council may decide to appoint; and
 - (c) deal with any urgent competent business.
2. **Lord Provost and Depute Convener – term of office**
 - 2.1 The Council may at any time agree to remove the Lord Provost and Depute Convener from office, with immediate effect, provided that not less than three quarters of the members of the Council present and voting so decide.
3. **Ordinary and special meetings**
 - 3.1 A meeting of the Council will be held at 10 am on every fourth Thursday.
 - 3.2 In a non-election year the Council, at its first ordinary meeting in May will; appoint the Leader and Depute Leader, the members of the committees of the Council and their conveners and any vice-conveners and the members of the joint committees and joint boards.
 - 3.3 The Lord Provost may in exceptional circumstances alter the arrangements for ordinary meetings or authorise a special meeting to be called. A special meeting may also be called at any time by written request to the Clerk specifying the business to be transacted and signed by at least one quarter of the members of the Council. The Clerk will arrange for the special meeting to be held within 14 days of receipt of the request. The right to call a meeting does not apply to Committees.
 - 3.4 The Council may recess for periods to be determined by the Clerk after consultation with the Lord Provost and the Leader of the Council. During any

recess no meetings of the Council, Executive Committees or the Governance, Risk and Best Value Committee will be held.

4. **Notice of Meetings**

4.1 At least 3 clear days before a meeting of the Council or its Committees:

- (a) the Clerk will publish a notice of the time and place of the intended meeting. If the meeting is called by members of the Council, the signed request will accompany the notice; and
- (b) a summons to attend the meeting containing the agenda of business will be sent to every Council member by email or to an alternative address nominated by them. If a summons is not sent to any member, the meeting will still be validly called only if good reason is shown for failure to send such a summons.

4.2 A Committee will hold such meetings as the Council may prescribe, but the Clerk will call additional meetings of a Committee at any time on being required to do so by the Committee concerned, or at the request of the Convener. Meetings will be called at least six days before the meeting date in accordance with the statutory requirements

4.3 The Clerk will call a special meeting to be held within eight days of receiving a written request specifying the business to be transacted and signed by at least one quarter of the members of the Committee concerned.

4.4 Any summons issued under Standing Order 4.1 must give a note of the agenda of business and the proposed order for dealing with business at the meeting.

4.5 No business other than that set out in the notice of meeting may be dealt with unless it is brought before the Council or Committee as a matter of urgency. The Lord Provost or Convener must rule that it is a matter of urgency and give the reasons for the ruling to be noted in the minutes. The item must be made known at the start of the meeting when the order of business is decided. If the Lord Provost or Convener rules that the matter is not urgent, it will be included as an item for the next ordinary meeting of the Council or next scheduled committee meeting, unless dealt with earlier.

5. **Quorum**

5.1 The quorum of the Council is sixteen. No business may be transacted at any meeting unless a quorum is present. If fewer than sixteen members are present ten minutes after the appointed time for the start of the meeting the division bell will be rung. If after a further period of three minutes there are still fewer than sixteen members present, the meeting will be adjourned until such date and time as the Lord Provost decides.

5.2 If at any time during a Council meeting a question arises on whether there is a quorum, the Lord Provost will instruct a count of the members who are present. If a quorum is not present, the meeting will be adjourned until such date and time as the Lord Provost decides.

5.3 Subject to law the quorum of a Committee will be one third of the number of voting members of the Committee (see Committee terms of reference for specific numbers) provided that in no case will any business be transacted unless at least two voting members are present.

5.4 If fewer members are present five minutes after the time appointed for the start of a Committee meeting than are needed to constitute a quorum the meeting will be adjourned until such date and time as the Convener decides. After a meeting has started, if the number of members present falls below the quorum the meeting will be adjourned immediately until such date and time as the Convener decides.

5.5 A member who has declared an interest in an item of business and has left the meeting may not be counted in the quorum for that item of business. If less than a quorum of the Council or Committee is entitled to vote on an item due to declaration of interests that item cannot be dealt with at the meeting.

6. **Lord Provost - Council Meetings**

6.1 The Lord Provost will chair any Council meeting when he or she is present. When the Lord Provost is absent from a Council meeting, the Depute Convener will chair the meeting. When the Lord Provost and Depute Convener are absent, another member of the Council, chosen by the members present, will chair the meeting.

7. **Convener - Committees**

7.1 The Convener will chair any meeting of a Committee when he or she is present. When the Convener is absent from a Committee meeting the Vice-Convener, if appointed, will chair the meeting. When the Convener and Vice-Convener are absent, another member chosen by the members present will chair the meeting.

8. **Lord Provost and Convener- Duties**

8.1 The duties of the Lord Provost or Convener of the meeting, in accordance with these Standing Orders, will include:

- (a) Deciding on all matters of protocol, decorum, order, competency and relevancy;
- (b) Determining all matters of procedure for which no provision is made within these Standing Orders. In reaching this determination he/she may be advised by the Clerk;
- (c) Deciding priority between two or more members wishing to speak;

- (d) Ensuring that a fair opportunity is given to all members to express their views on any item of business;
- (e) Preserving order within the meeting;
- (f) Ordering the exclusion of any member of the public, in order to prevent or suppress disorderly conduct or any other behaviour which impedes or is, in the Lord Provost or Chair's opinion, impeding the business of the meeting;
- (g) In the event of disorder arising, adjourning the meeting to a time and date the Lord Provost or Convener will fix then or later. In leaving the meeting, the Lord Provost or Convener in such circumstances, will without further procedure, have formally adjourned the meeting;
- (h) Signing the minutes of the previous meeting;

8.2 The decision of the Lord Provost or Convener in relation to all questions regarding Standing Orders is final, but in reaching these decisions advice may be sought from the Clerk.

9. **Order of Business**

9.1 **Full Council** – the business of Council at ordinary meetings will take place in the following order:

- (a) Order of Business
- (b) Declaration of Interests
- (c) Deputations
- (d) Minutes
- (e) Council Questions
- (f) Leader's Report
- (g) Appointments
- (h) Reports
- (i) Motions

10. **Power to vary order of business**

10.1 The Council or Committee may at any meeting vary the order of business to give precedence to any item on the agenda:

- (a) at the discretion of the Lord Provost or Convener; or
- (b) on a motion duly moved and seconded and voted on electronically or by a show of hands.

11. **Declaration of Interests**

11.1 Where a member declares an interest in accordance with the Councillors' Code of Conduct and leaves the meeting, the fact will be recorded in the minutes of the meeting.

12. **Deputations**

12.1 The Council or any Committee can hear deputations on any matter that is included in its power, duties or delegation.

12.2 Every application for a deputation must be from an office bearer of an organisation or group. It must be submitted by email or in writing, setting out the subject of the deputation and be delivered to the Clerk no later than 5pm on the day before the meeting concerned. The Lord Provost or Convener has discretion to waive both these requirements.

12.3 The Clerk will submit the application to the Council or relevant Committee. An application for a deputation will only be submitted if it relates to an item of business on the agenda for that meeting or if the Lord Provost or Convener decides that there is sufficient reason for the meeting to consider it.

12.4 When the Council or Committee considers whether to hear a deputation, it must not discuss the merits of the case itself. If necessary a vote will be taken without discussion on whether to hear the deputation.

12.5 Each deputation will not usually exceed four persons and will have ten minutes to present its case. If the meeting decides to hear more than one deputation on the same subject, they will be heard together. The Lord Provost or Convener will decide how much time to allow.

12.6 Unless the Lord Provost or Convener decides otherwise, the total maximum time allowed for deputations to present their cases at a meeting, excluding questions, will be limited to 60 minutes.

12.7 Any member can put a question to the deputation that is relevant to the subject. The total time allowed for such questions will not be more than ten minutes for each deputation. The merits of the case must not be discussed by members until the deputation has withdrawn.

12.8 Standing Order 12 does not apply in connection with hearings at the Licensing Sub-Committee, the Development Management Sub-Committee, or the City of Edinburgh Planning Review Body, nor to any subsequent consideration of the subject of the hearing.

13. **Minutes**

13.1 The Clerk will minute all Council and Committee meetings. The minutes will record the names of the members who attended the meeting and record, in the event of a vote, how each individual member voted. They will be circulated among members of the Council or Committee at least three clear working days before its next meeting for approval. If they are approved as a correct record of proceedings of the meeting, the Lord Provost or Convener of the meeting will sign them.

14. **Council Questions**

14.1 At any Council meeting, a member may put a question to the Lord Provost or to any Convener or Vice-Convener with relevant responsibility about any relevant or competent business. The question must be given in by email or in writing to the Clerk by noon on the seventh working day before the meeting. The Lord Provost or Convener may specify that a particular question will be answered by another Convener or Vice-Convener, with that member's consent.

14.2 A member may put a question to a Convener or Vice-Convener at a Council meeting about any matter that is on the summons for that meeting. He/she must give the question orally or in writing to the Clerk by 10am on the day before the meeting.

14.3 After a question has been answered the questioner may ask a supplementary question, if necessary, to seek clarification of the answer given. The total time for asking a supplementary question and replying to it will not be more than 5 minutes. The total time for all such questions and answers will not be more than 40 minutes.

14.4 No discussion will be allowed on any question or answer.

15. **Leader's Report and Questions**

15.1 At a meeting, a member may put one or more oral questions to the Leader in connection with the Leader's Report. The Leader may invite a Convener or Vice-Convener to respond on his/her behalf. The total time allowed for such questions and answers will not be more than 40 minutes.

15.2 No discussion will be allowed on any question or answer.

16. **Notices of Motion**

- 16.1 Every formal notice of motion will be in writing and signed off by the member giving the notice. The notice must be delivered to the Clerk by noon on the seventh working day before the meeting. Those not received within this timescale, will not be included in the summons calling the meeting.
- 16.2 Late formal notices of motion may be submitted to the Council or Committee at the appropriate time in the meeting, in terms of Standing Order 4.4 if:
- (a) They have been delivered to the Clerk before the start of the meeting;
 - (b) They are considered by the Lord Provost or Convener to be competent, relevant and urgent; and
 - (c) They have been circulated to members before the meeting commences or read by the Clerk to the meeting at the appropriate time in the meeting.
- 16.3 Late motions which are not accepted as urgent by the Lord Provost or Convener, will be considered at the next ordinary meeting.
- 16.4 Every formal motion submitted, in terms of Standing Orders 16.1 and 16.2, will require to be moved and seconded formally. If such a motion is not moved and seconded formally it will fall and this will be recorded in the minutes.

17. **Public Meetings and Private Items**

- 17.1 Meetings of the Council are generally open to the public but the Local Government (Scotland) Act 1973 does allow the Council to hear matters in private if they meet the description of confidential information as defined in the Act or by resolution if the Council agrees that if the meeting was held in public, then exempt information as defined in Schedule 7(A) of the Act would be disclosed.
- 17.2 Being open to the public requires that the public should be able to attend and observe meetings and should have access to all agendas and reports that are not ruled private under the Act. To ensure access for the majority of residents who cannot attend in person, the Council will endeavour to webcast all appropriate meetings that are open to the public

18. **Order of Debates**

- 18.1 A member who wishes to speak, when called on, will address the Lord Provost or Convener. The member will speak directly on the motion or amendment that is being proposed, seconded or discussed, or on a question of order. No member can speak more than once on any subject that is being discussed, except for a point of order or, with the permission of the Lord Provost or Convener, to give an explanation. The person proposing the motion has a right of reply.

19. **Length of Speeches**

19.1 Except with the Lord Provost or Convener's permission the proposer and seconder of a motion or an amendment must not speak for more than five minutes, and all other speakers for not more than three minutes. The proposer of the original motion may speak for up to five minutes in reply, and the reply must not introduce any new matter into the debate. After that, the discussion will finish and the Lord Provost or Convener will direct that a vote be taken.

20. **Motion for Adjournment**

20.1 A motion to adjourn the meeting may be put at any time, except if a member is speaking, and will have precedence over all other motions. It must be moved and seconded without discussion and must at once be put by the Lord Provost or Convener in the form of 'adjourn' or 'not adjourn.'

20.2 A second or subsequent motion to adjourn may not be made within half an hour unless it is moved by the Lord Provost or Convener when it will be dealt with as in Standing Order [19-20.1](#).

21. **Debate**

21.1 A member wishing to speak will rise and address the Lord Provost or Convener. He/she will speak only on the matter under consideration or on a question of order.

21.2 A member proposing to submit a motion or amendment on any subject under discussion will before addressing the meeting state the terms of the motion or amendment. If he/she fails to do so the Lord Provost or Convener will ask him/her to state the terms. Every motion or amendment must be moved and seconded and will, when required by the Lord Provost or Convener, be put in writing and handed over to the Clerk.

21.3 That any motion or amendment, to any subject under discussion be provided to the clerk no later than 2pm on the working day before the meeting unless the motion or amendment:

- a) Moves the recommendations of the report; or
- b) Calls for a continuation of consideration of the item to a future meeting; or
- c) Moves no action; or
- d) Has been ruled urgent by the Lord Provost or Convener; or
- e) Can be submitted verbally at the meeting and with the consent of the Lord Provost or Convener.

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- 21.4 Clause [2021.3](#) will not apply to any agenda items where the final report or reports were not issued alongside the notice of the meeting.
- 21.5 Minor changes to motions and amendments are permitted but these should be able to be verbally altered at the meeting.
- 21.6 The Council or Committee can agree that in exceptional circumstances the requirements of this standing order can be ignored.
- 21.7 The mover and seconder of any motion or amendment or adjustment thereof may speak in support of the motion or amendment for not more than five minutes. No other speaker may speak for more than three minutes or more than once in the same discussion except to call attention to a point of order.
- 21.8 The mover of the original motion will have the right to speak for a further five minutes in reply to the debate after which the discussion will be closed. The mover of the motion must, in his/her reply, strictly confine himself/herself to answering previous speakers and not introducing any new matter. No member will be permitted to offer an opinion or to ask a question or otherwise to interrupt the proceedings. The motion and amendment(s) will then be voted on by members.
- 21.9 The limits of time specified in Standing Orders [2021.3](#) and [2021.4](#) may be exceeded with the consent of the majority of members present and the Lord Provost or Convener may determine, without taking a vote, whether such consent has been obtained.
- 21.10 When a motion and two or more amendments are before the meeting, the Lord Provost or Convener will decide the order and manner for putting the motion and amendments to the meeting. The Lord Provost or Convener (or nominee) will have the right to move a minute or report, as the original motion, with all alternative proposals considered as amendments.
- 21.11 The mover of the motion or amendment may agree to add all or part of an amendment moved and seconded by other members, provided that:
- (a) His/her seconder consents;
 - (b) The mover and seconder of the other amendment consents; and
 - (c) The agreement takes place before the mover of the motion has replied.
- 21.12 The mover of an amendment, which is not seconded, may have his/her dissent to the decision of the Council or Committee recorded in the minute.

22. **Closure of Debate**

- 22.1 Any member who has not spoken on the question before the meeting may propose 'that the matter now be decided'. If this is seconded and the Lord Provost or Convener thinks the question has been discussed enough, he or she will order that a vote on the motion be taken, without amendment or discussion. If the motion that the matter now be decided is carried, the proposer of the original motion will have a right to reply, and the question itself will then be put to the meeting. If the motion that the matter be now decided is not carried, a similar motion may be made after every two further members have spoken.

23. **Voting**

- 23.1 A vote may be taken by members standing in their places either calling the roll, by electronic voting or by a show of hands. When it is proposed to take the vote by members standing in their places, electronic voting or by a show of hands, any member may object and if ten members present at the Council or two members in any other Committee object, the vote must be taken by calling the roll. All votes on procedure, however, will be taken by a show of hands.
- 23.2 When a motion and amendment are before the Council or Committee the proposal receiving the support of a majority of members present and voting will be declared to be a decision of the Council or Committee.
- 23.3 When a motion and two or more amendments are before the Council or Committee and the adoption of one or more of the proposals would result in either the continuation of a decision or no action, a vote will firstly be taken on the proposal(s) involving continuation or no action as soon as the discussion is completed. This vote will be taken 'for or against' either continuation or no action. Any vote necessary on the remaining proposals will be taken in terms of Standing Order [2223.1](#).
- 23.4 When a motion and two or more amendments, none of which involves continuation or no action, are before the Council or Committee, the vote will be taken on all proposals, each member having one vote. If a proposal receives the support of a majority of members voting it will be declared to be the decision of the Council or Committee. If none of the proposals receives the support of a majority of those voting, the one which has received the fewest votes will be dropped and a fresh vote taken on the remaining proposals. If there is an equal number of votes between the proposals with the fewest votes the Lord Provost will have a casting vote to determine which proposal should be dropped. If the Lord Provost does not exercise his/her casting vote, the decision will be by lot. This process of elimination will continue until one proposal has received majority support from those voting which will be declared the decision of the Council or Committee.
- 23.5 If there are equal numbers of votes, the Lord Provost or Convener will have a casting vote except where the vote relates to appointing a member of the Council to any particular office or committee. In this case, the decision will be by lot.

23.6 In a meeting of the Council, the City Officer will ring the Division Bell for sixty seconds immediately before any vote is taken. The doors of the Council Chamber will then be locked and voting undertaken by the Clerk. Where a series of votes is to be taken, which in the opinion of the Lord Provost are on related subjects, the Lord Provost may suspend the requirements of this Standing Order after the first vote in the series.

23.7 If a vote has been taken and a member immediately challenges the accuracy of the count, the Lord Provost or Convener will decide whether to have a recount. If there is a recount, the Lord Provost or Convener will decide how this should be taken

24. **Appointments**

24.1 When appointing a member of the Council or any person to office where the number of candidates is more than the number of vacancies, the person to be selected may be decided by ballot. In each case, members can vote for as many candidates as there are vacancies but in any vote, they may only vote once for any one candidate.

24.2 If only one vacancy is to be filled and one candidate has an absolute majority of the votes cast, that candidate will be declared appointed. If this is not the case, the name of the candidate with the fewest votes will be taken off the list of candidates. This process of elimination will continue until the number of remaining candidates equals the number of vacancies or one candidate has a majority and there is only one vacancy. That candidate or those candidates will be declared to be appointed.

24.3 If there is a vote between more than two candidates and there are an equal number of votes for candidates with fewest votes, there will be an extra vote by ballot of those candidates. The name of the candidate with the fewest votes will be taken off the list. If there are an equal number of votes between two candidates, the candidate to be taken off the list will be decided by lot.

24.4 Subject to law, appointments to outside bodies are for the life of the Council unless the person appointed resigns from the appointment or the outside body's constitution specifies a different time period.

25. **Point of Order**

25.1 Any member may raise a point of order at any time during a meeting. Any member who is addressing the meeting when a question of order is raised will resume his/her seat until the question has been decided by the Lord Provost or Convener. The member raising the point of order will advise which Standing Order he/she considers is being infringed and thereafter, without debate, await the Lord Provost or Convener's decision. No other member may speak to the point of order unless with the permission of the Lord Provost or Convener. The decision of the Lord Provost or Convener will be final and cannot be discussed.

26. **Suspension of Standing Orders**

26.1 The Council may on a motion duly moved and seconded, and with the consent of two thirds of members voting, suspend any Standing Order specified in the motion. Any such motion may be submitted, without previous notice, and will be voted on electronically or by a show of hands without discussion.

26.2 Standing Orders 2, 8, ~~20-6~~, 24, 25, 26 and 32 will not be capable of suspension.

~~26.3~~ The Pensions Committee and Pensions Audit Sub-Committee, with external membership and participation are subject to their own Standing Orders approved by the Pensions Committee from time to time. In the absence of the aforementioned Standing Orders the City of Edinburgh Council Standing Orders will continue to apply to the Pensions Committee and Pensions Audit Sub-Committee.

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~~26.3~~ 26.4 The Pension Board is a body constituted under the Public Services Pensions Act 2013 and the Local Government Pension Scheme (Governance) (Scotland) Regulations 2014 and with powers regulated by the United Kingdom Pensions Regulator. The constitution and operations of the Pensions Board will be determined in accordance with regulation and, where appropriate, considered and approved by the Pensions Boards and/or the Pensions Committee.

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27. **Obstructive or offensive conduct by members**

27.1 If any member at any meeting disregards the authority of the Lord Provost or Convener, or behaves obstructively or offensively, a motion may then be proposed and seconded to suspend the member for the rest or any part of the meeting. The motion will be put without discussion. If it is carried, the City Officer or Clerk will act on any orders received from the Lord Provost or Convener to carry out the decision.

28. **Changing a Council decision**

28.1 Subject to law, a decision of the Council cannot be changed by the Council within six months unless notice has been given of the proposed item in the summons for the meeting and:

- (a) the Lord Provost rules there has been a material change of circumstances;
or
- (b) the Council agrees the decision was based on erroneous, incorrect or incomplete information.

29. **Referring a decision to Council**

29.1 Subject to Standing Order ~~2829~~.2, where a decision is taken at the Executive Committees, Governance, Risk & Best Value Committee, Locality Committees or the Regulatory Committee, not less than one quarter of the members present may ask for it to be passed to Council as a recommendation.

29.2 A decision will not be sent to the Council in terms of Standing Order ~~2829~~.1 where the Convener considers that a final decision must be made before the next meeting of the Council, in order to avoid material prejudice to the interests of the Council. The Convener will give clear reasons for this decision.

30. **Committee – non member motion**

30.1 Any member may raise with the relevant committee a matter of new business by submitting a motion in writing to the Clerk by noon on the seventh working day before the meeting. If accepted by the Convener the matter will be placed on the agenda of business for the next meeting. The member raising the matter will be entitled to appear at that meeting to move his/her motion, which will require to be seconded by another member, but may not vote unless he/she is a member of the Committee.

31. **Ward or members with special interest**

31.1 A member of the Council who is not a member of a particular committee may be invited by the Convener, or Vice-Convener to attend a meeting where there is under discussion any item in which that member has a local or other special interest. The member will be entitled to speak on that item but may not vote. This Standing Order does not apply to the Regulatory or the Planning Committee or any of their sub-committees.

32. **Freedom of the City**

32.1 Any member of the Council who wishes to propose that the Freedom of the City be offered to any distinguished person will first consult the Lord Provost before submitting any motion to the Council.

32.2 Any motion to give Freedom of the City will be stated in the notice of the meeting of the Council and will need to be passed by at least two thirds of members at the meeting.

33. **Admission of media and members of the public**

- 33.1 Subject to law and in particular to the provisions of the Local Government (Access to Information) Act 1985, meetings will be open to the public and representatives of the media, subject to powers of exclusion in order to suppress or prevent disorderly conduct or other misbehaviour at the meeting.

Other than the live web casting of Council meetings by the Council, any video or sound recordings or broadcasting of meetings or the taking of any photographs will be at the Lord Provost or Convener's discretion.

34. **Variation and revocation of Standing Orders**

- 34.1 Any motion to vary or revoke these Standing Orders will, when voted on, be approved by a majority of members of the Council present and voting. Any such motion must be by formal notice as provided in Standing Order 16.

35. **Review of Standing Orders**

- 35.1 These Standing Orders will be reviewed annually.

CITY OF EDINBURGH COUNCIL

COMMITTEE TERMS OF REFERENCE
AND
DELEGATED FUNCTIONS

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COMMITTEE TERMS OF REFERENCE AND DELEGATED FUNCTIONS

A. GENERAL

These terms of reference and delegated functions ("**Committee Terms of Reference**") apply from 5 August 2019 and set out the powers delegated by the City of Edinburgh Council ("**Council**") to its committees and sub-committees ("**Committees**") pursuant to the Local Government (Scotland) Act 1973 (the "**Act**").

1. Delegation to Committees

1.1. Subject to law, to the provisions of these Committee Terms of Reference, and to any restriction, direction or instruction of Council, there shall be delegated to the respective Committees all the functions and matters contained in:

- 1.1.1. these Committee Terms of Reference;
- 1.1.2. any scheme made under the Act or statute; and
- 1.1.3. any minute of the Council making specific delegation to the Committee.

2. Reserved matters

2.1. The following matters are reserved to the Council:

- 2.1.1. all functions reserved by law to the Council;
- 2.1.2. determining the strategic objectives of the Council;
- 2.1.3. election of the Leader, Deputy Leader, Lord Provost, Depute Convener and Bailies;
- 2.1.4. appointment of committees of the Council, agreeing and/or amending their terms of reference and delegation of functions to them;
- 2.1.5. deciding the composition of committees of the Council and appointment of members to serve on them, including external members;
- 2.1.6. appointment of members to serve on joint committees, joint boards and any outside body;
- 2.1.7. making, amending, revoking, re-enacting or adopting standing orders and Committee Terms of Reference and Delegated Functions;
- 2.1.8. approving or amending any scheme of delegation to officers;
- 2.1.9. the annual review of the revenue budget and the fixing of council tax;
- 2.1.10. the annual review of the capital investment programme and approval of any capital project with a value exceeding £50,000, not included in the capital investment programme;

- 2.1.11. any material expenditure which is not included in the annual revenue budget;
- 2.1.12. setting of special responsibility allowances;
- 2.1.13. making, amending, revoking, re-enacting or adopting, bye-laws, schemes, regulations or rules made under statute subject to confirmation by Scottish Ministers where applicable;
- 2.1.14. the formal adoption of Local Development Plans;
- 2.1.15. the approval of a Proposed Strategic Development Plan and the delegation of authority to the strategic development planning authority (SESplan);
- 2.1.16. the determination of an application for planning permission for a development of a class mentioned in A38A (i) of the Town and Country Planning (Scotland) Act 1997;
- 2.1.17. appointment and dismissal of the Chief Executive and appointment of a chief official;
- 2.1.18. any decision in relation to any proposal to delegate a power or duty to or accept a delegated power from any other local authority or to co-operate or combine with any other local authority in providing services;
- 2.1.19. promoting or opposing the making of local legislation;
- 2.1.20. creation of Council companies;
- 2.1.21. the preparation and review of the Scheme for Community Councils (Special Meeting);
- 2.1.22. amendments to the Treasury Policy Statement, and
- 2.1.23. approval of the annual Treasury Strategy and annual treasury management performance.

3. Committee Membership

- 3.1 Committee membership will be proportionate according to the elected representation of political parties unless expressly agreed otherwise at a meeting of the full Council.

4. Urgent decisions

- 4.1. If a decision which would normally be made by the Council or a Committee requires to be made urgently between meetings of the Council or Committee, the Chief Executive or appropriate Executive Director, in consultation with the Convener or Vice-Convener, may take action, subject to the matter being reported to the next meeting of the Council or Committee.

5. Substitutes

- 5.1. Where permitted by law and where specified in these Committee Terms of Reference, a member may, subject to paragraph 5.2 below appoint a substitute member from his or her political group to attend a meeting of the committee in his or her place, by email to the Clerk in advance of the meeting.
- 5.2. Any member proposed to be appointed as a substitute must, where specified in these Committee Terms of Reference, have completed the appropriate training for the committee concerned.
- 5.3. The substitute member will be a member of the committee for that meeting and will be entitled to take part in the meeting with the full powers, duties and responsibilities of a member.

6. Convener of Sub-Committee

- 6.1. The Convener of a sub-committee will be appointed by its parent committee.

B. COMMITTEE TERMS OF REFERENCE AND DELEGATED POWERS

Executive Committees

1. Policy and Sustainability Committee

1.1. **Constitution:** 17 Members of the Council including:

- 1.1.1. 5 SNP
- 1.1.2. 5 Conservative
- 1.1.3. 3 Labour
- 1.1.4. 2 Green
- 1.1.5. 2 SLD

Convener and Vice-Convener

- 1.2. The Leader of the Council will be the Convener of the Policy and Sustainability Committee.
- 1.3. The Deputy Leader of the Council will be the Vice-Convener of the Policy and Sustainability Committee.

Quorum

- 1.4. Six members of the Policy and Sustainability Committee will constitute a quorum.

Substitution

- 1.5. Substitutes are permitted.

Delegated functions

- 1.6. Power is delegated to the Policy and Sustainability Committee to:
 - 1.6.1. advise the Council on outcomes, strategic objectives and key priorities;
 - 1.6.2. develop and approve Council policies, including reform, smart city, human resources, community planning and partnership working;
 - 1.6.3. adopt and implement the management framework for planning, implementing, reporting and reviewing Council service delivery;
 - 1.6.4. ensure the Council meets its statutory responsibilities in terms of best value;
 - 1.6.5. ensure the Council meets its statutory responsibilities in terms of diversity and equalities;
 - 1.6.6. monitor implementation of the Council's business and service development plans, corporate strategies, change programmes, corporate initiatives and service reviews;

- 1.6.7. facilitate and encourage public participation and empowerment ensuring the involvement of citizens, the community, neighbourhood networks, partners and key stakeholders in the committee decision-making process;
- 1.6.8. instruct such performance information as the committee requires to fulfil its remit and monitor overall performance in the delivery of services and the Council's financial performance;
- 1.6.9. set and monitor all relevant grants programmes and award grants;
- 1.6.10. **p**Provide scrutiny of those services delegated to the Integration Joint Board. This should include scrutiny of internal controls, performance, quality and compliance with the law;
- 1.6.11. determine any reviews of community asset transfer requests;
- 1.6.12. provide oversight and take decisions on matters relating to sustainability and climate change
- 1.6.13. **p**Provide oversight and take decisions on major economic policy and strategy and significant cross-cutting regeneration projects;
- 1.6.14. provide strategic oversight of Edinburgh City Region Deal;
- 1.6.15. advise, agree, scrutinise and review Edinburgh Police and Fire and Rescue Service city-wide plans, policies and performance;
- 1.6.16. consider petitions addressed to the City of Edinburgh Council on matters within the remit of committee, in accordance with the Council's approved Petitions procedure and determine the appropriate action;
- 1.6.17. determine differences between committees except where the difference involves a decision on an individual planning or licensing application; and
- 1.6.18. take all decisions which are not reserved to the Council or delegated to another committee of the Council.

2. Culture and Communities Committee

2.1. **Constitution:** 11 members of the Council as follows:

- 2.1.1. 3 SNP
- 2.1.2. 3 Conservative
- 2.1.3. 2 Labour
- 2.1.4. 2 Green
- 2.1.5. 1 SLD

Convener and Vice Convener

2.2. The Convener and Vice Convener will be members of the City of Edinburgh Council.

Quorum

2.3. Four members will constitute a quorum.

Substitution

2.4. Substitutes are permitted.

Delegated functions

2.5. Power is delegated to the Culture and Communities Committee in relation to the matters listed in paragraph 2.6, to:

- 2.5.1. develop and approve policies, strategies, programmes and projects and work with officers, communities and partners to implement them;
- 2.5.2. take all decisions which are not reserved to the Council or delegated to another committee of the Council;
- 2.5.3. set standards for service delivery and secure value for money;
- 2.5.4. set and monitor corporate standards, consider the necessity of existing service provisions and agree new service proposals;
- 2.5.5. monitor performance, including financial, instructing such performance information as the committee requires to fulfil its remit;
- 2.5.6. monitor arrangements to ensure best value and continuous improvement across all services;
- 2.5.7. facilitate and encourage public, engagement, consultation, participation and feedback;
- 2.5.8. set and monitor all relevant grants programmes and award grants;

- 2.5.9. consider petitions addressed to the City of Edinburgh Council on matters within the remit of committee, in accordance with the Council's approved Petitions procedure and determine the appropriate action to be taken;
- 2.5.10. review the impact of the committee's policies on the city
- 2.6. The matters referred to in paragraph 2.5 are as follows:
 - 2.6.1. Community Justice;
 - 2.6.2. community safety
 - 2.6.3. health except those matters delegated to another committee or the Integration Joint Board;
 - 2.6.4. Cultural development, festivals and events;
 - 2.6.5. Sport and Recreation;
 - 2.6.6. Arts and museums;
 - 2.6.7. Libraries and community centres;
 - 2.6.8. Parks and green spaces;
 - 2.6.9. community and locality planning
 - 2.6.10. community empowerment; and
 - 2.6.11. ~~Neighbourhood Partnerships and~~ Community Councils.

3. Education, Children and Families Committee

- 3.1. **Constitution:** 11 members of the Council as follows:

- 3.1.1. 3 SNP
- 3.1.2. 3 Conservative
- 3.1.3. 2 Labour
- 3.1.4. 2 Green
- 3.1.5. 1 SLD

Additional members for education items:

- 3.1.6. 3 Religious Representatives
- 3.1.7. 1 Parent Representative (non-voting)

Convener and Vice Convener

- 3.2. The Convener and Vice Convener will be members of the City of Edinburgh Council.

Quorum

- 3.3. Four members will constitute a quorum except in the case of education business where five members will constitute a quorum.

Substitution

- 3.4. Substitutes are permitted for all members of the Council.

Delegated functions

- 3.5. Power is delegated to the Education, Children and Families Committee to:
- 3.5.1. exercise all the functions of the Council as education authority (education business), within the terms of the relevant legislation; and
 - 3.5.2. exercise the functions as social work authority, within the terms of the relevant legislation, in relation to children.
- 3.6. In addition, in relation to the matters listed in paragraph 3.7, to:
- 3.6.1. develop and approve policies, strategies, programmes and projects and work with officers, communities and partners to implement them;
 - 3.6.2. take all decisions which are not reserved to the Council or delegated to another committee of the Council;
 - 3.6.3. set standards for service delivery and secure value for money;
 - 3.6.4. set and monitor corporate standards, consider the necessity of existing service provisions and agree new service proposals.
 - 3.6.5. monitor performance, including financial, instructing such performance information as the committee requires to fulfil its remit;
 - 3.6.6. monitor arrangements to ensure best value and continuous improvement across all services;
 - 3.6.7. facilitate and encourage public, engagement, consultation, participation and feedback;
 - 3.6.8. set and monitor all relevant grants programmes and award grants;
 - 3.6.9. consider petitions addressed to the City of Edinburgh Council on matters within the remit of committee, in accordance with the Council's approved Petitions procedure and determine the appropriate action; and
 - 3.6.10. review the impact of the committee's policies on the city.
 - ~~3.6.11. To determine the Council's response to recommendations by the Social Work Complaints Review Committee concerning complaints about children and young people social work services.~~
- 3.7. The matters referred to in paragraph 3.6 are as follows:
- 3.7.1. the Council's education, children and families services;
 - 3.7.2. Lifelong Learning; and
 - 3.7.3. major capital programmes or projects implementation, asset planning and facilities management for the Council's education, children and families services.

4. Finance and Resources Committee

4.1. **Constitution:** 11 members of the Council as follows:

- 4.1.1. 3 SNP
- 4.1.2. 3 Conservative
- 4.1.3. 2 Labour
- 4.1.4. 2 Green
- 4.1.5. 1 SLD

Convener and Vice Convener

4.2. The Convener and Vice Convener will be members of the City of Edinburgh Council.

Quorum

4.3. Four members will constitute a quorum.

Substitution

4.4. Substitutes are permitted.

Delegated functions

4.5. Power is delegated to the Finance and Resources Committee in relation to matters listed in paragraph 4.6 to:

- 4.5.1. develop and approve policies, strategies, programmes and projects and work with officers, communities and partners to implement them;
- 4.5.2. take all decisions which are not reserved to the Council or delegated to another committee of the Council;
- 4.5.3. set standards for service delivery and secure value for money;
- 4.5.4. set and monitor corporate standards, consider the necessity of existing service provisions and agree new service proposals;
- 4.5.5. monitor performance, including financial, instructing such performance information as the committee requires to fulfil its remit;
- 4.5.6. monitor arrangements to ensure best value and continuous improvement across all services;
- 4.5.7. facilitate and encourage public engagement, consultation, participation and feedback;
- 4.5.8. set and monitor all relevant grants programmes and award grants;
- 4.5.9. consider petitions addressed to the City of Edinburgh Council on matters within the remit of committee, in accordance with the Council's approved

Petitions procedure and determine the appropriate action to be taken;
and

4.5.10. review the impact of the committee's policies on the city.

4.6. The matters referred to in paragraph 4.5 are as follows:

4.6.1. Council's revenue and capital budgets;

4.6.2. Council's expenditure and budget policy;

4.6.3. Monitoring the Council's Treasury Management policies and practices;

4.6.4. Council's long term financial plan;

4.6.5. Procurement and contracts;

4.6.6. monitoring of Council debt and debt recovery;

4.6.7. Common Good Fund;

4.6.8. human resources (not including policy);

4.6.9. ICT

4.6.10. Disposal and development of Council owned property and land transactions;

4.6.11. All charitable and other trust funds vested in the Council except where the Council has expressly made other arrangements.

5. Housing, Homelessness and Fair Work Committee

5.1. **Constitution:** 11 members of the Council as follows:

5.1.1. 3 SNP

5.1.2. 3 Conservative

5.1.3. 2 Labour

5.1.4. 2 Green

5.1.5. 1 SLD

Convener and Vice Convener

5.2. The Convener and Vice Convener will be members of the City of Edinburgh Council.

Quorum

5.3. Four members will constitute a quorum.

Substitution

- 5.4. Substitutes are permitted.

Delegated functions

- 5.5. Power is delegated to the Housing, Homelessness and Fair Work Committee in relation to matters listed in paragraph 5.6 to:

- 5.5.1. develop and approve policies, strategies, programmes and projects and work with officers, communities and partners to implement them;
- 5.5.2. take all decisions which are not reserved to the Council or delegated to another committee of the Council;
- 5.5.3. set standards for service delivery and secure value for money;
- 5.5.4. set and monitor corporate standards, consider the necessity of existing service provisions and agree new service proposals;
- 5.5.5. monitor performance, including financial, instructing such performance information as the committee requires to fulfil its remit;
- 5.5.6. monitor arrangements to ensure best value and continuous improvement across all services;
- 5.5.7. facilitate and encourage public, engagement, consultation, participation and feedback;
- 5.5.8. set and monitor all relevant grants programmes and award grants
- 5.5.9. consider petitions addressed to the City of Edinburgh Council on matters within the remit of committee, in accordance with the Council's approved Petitions procedure and determine the appropriate action to be taken;
- 5.5.10. review the impact of the committee's policies on the city.

- 5.6. The matters referred to in paragraph 5.5 are as follows:

- 5.6.1. Housing;
- 5.6.2. Homelessness and housing support;
- 5.6.3. Employability and fair work;
- 5.6.4. Economic development projects and policies that are not reserved to the Policy and Sustainability Committee;
- 5.6.5. External relations and inward investment; and
- 5.6.6. Inclusive growth.

6. Transport and Environment Committee

6.1. **Constitution:** 11 members of the Council as follows:

- 6.1.1. 3 SNP
- 6.1.2. 3 Conservative
- 6.1.3. 2 Labour
- 6.1.4. 2 Green
- 6.1.5. 1 SLD

Convener and Vice Convener

6.2. The Convener and Vice Convener will be members of the City of Edinburgh Council.

Quorum

6.3. Four members will constitute a quorum.

Substitution

6.4. Substitutes are permitted.

Delegated functions

6.5. Power is delegated to the Transport and Environment Committee in relation to the matters listed in paragraph 6.6, to:

- 6.5.1. develop and approve policies, strategies, programmes and projects and work with officers, communities and partners to implement them;
- 6.5.2. take all decisions which are not reserved to the Council or delegated to another committee of the Council or officers;
- 6.5.3. set standards for service delivery and secure value for money;
- 6.5.4. set and monitor corporate standards, consider the necessity of existing service provisions and agree new service proposals;
- 6.5.5. monitor performance, including financial, instructing such performance information as the committee requires to fulfil its remit;
- 6.5.6. monitor arrangements to ensure best value and continuous improvement across all services;
- 6.5.7. facilitate and encourage public, engagement, consultation, participation and feedback;
- 6.5.8. set and monitor all relevant grants programmes and award grants;

- 6.5.9. consider petitions addressed to the City of Edinburgh Council on matters within the remit of committee, in accordance with the Council's approved Petitions procedure and determine the appropriate action to be taken;
 - 6.5.10. review the impact of the committee's policies on the city.
- 6.6. The matters referred to in paragraph 6.5 are as follows:
- 6.6.1. Strategic Transport Planning;
 - 6.6.2. Traffic management, roads and parking;
 - 6.6.3. Public transport;
 - 6.6.4. Public Realm Projects;
 - 6.6.5. Flood prevention;
 - 6.6.6. Waste services;
 - 6.6.7. Environmental health and trading standards; and
 - 6.6.8. Street cleaning and open space maintenance.

7. Governance, Risk and Best Value Committee

- 7.1. **Constitution:** 11 members of the Council as follows:

- 7.1.1. 3 SNP
- 7.1.2. 3 Conservative
- 7.1.3. 2 Labour
- 7.1.4. 2 Green
- 7.1.5. 1 SLD

Convener

- 7.2. The Convener ~~and Vice-Convener~~ of the committee will be members of the opposition.

Quorum

- 7.3. Four members of the Governance, Risk and Best Value Committee will constitute a quorum.

Substitution

- 7.4. Substitutes are permitted from members of the Council who have undertaken and completed appropriate training specified by the Chief Executive.

Delegated functions

- 7.5. Power is delegated to the Governance, Risk and Best Value Committee to exercise the following functions:
- 7.5.1. To monitor the financial performance of the Council and its subsidiary undertakings, the effectiveness of the Council's audit and inspection, risk management and governance arrangements and of the control environment of the Council and associated anti-fraud and anti-corruption arrangements; including:

- 7.5.2. Scrutinising information on:
 - (a) Council Budgets;
 - (b) Management of Council assets;
 - (c) The Council's Treasury Management strategy and policies;
 - (d) Control, monitoring and review of income and expenditure, both revenue and capital;
 - (e) Council subsidiaries ;
 - (f) Council Companies (excluding those associated with the pension fund);
 - (g) Children's Panel; and
 - (h) Common Good Fund.
- 7.5.3. Monitoring the annual audit plan and reviewing all Council audit and inspection work against the plan.
- 7.5.4. Receiving and considering summaries of internal and external audit reports which relate to any issue falling within the remit of this committee.
- 7.5.5. Monitoring internal controls, corporate risk management and key operational governance areas.
- 7.6. Scrutiny on a specific issue should follow a committee decision.
- 7.7. To instruct a report on any matter within the remit of an executive committee but where a decision is yet to be taken; the report as instructed will initially be considered by the executive committee.
- 7.8. Referring back to the appropriate Executive Committee for its consideration any financial performance issue, which might have implications for policy development within the remit of the Executive Committee
- 7.9. To scrutinise the operational performance of all council services and Council subsidiaries in relation to the Council's agreed pledges, outcomes, policy objectives and statutory performance targets, including:
 - 7.9.1. considering information that relate to issues falling within the remit of Council services, including complaints handling, customer care and ombudsman reports;
 - 7.9.2. monitoring employment, organisational development and equalities issues as they relate to the operation of the council corporately and to its individual services; and

- 7.9.3. scrutinising major projects and programmes, service reviews and transformational change.
- 7.10. To invite Conveners or Vice-Conveners to attend committee, and where appropriate, to question and hold them to account on the operational or financial performance of any service area falling within their remit.
- 7.11. To refer back to the appropriate Executive Committee for its consideration any service performance issues that might have implications for policy development coming within the remit of the Executive Committee
- 7.12. To initiate and undertake planned scrutiny reviews of any matter falling within the remit of this committee or specific scrutiny reviews requested by an Executive Committee.
- 7.13. To promote the observance by Councillors of high standards of conduct and assist them in observing the code of conduct, in accordance with any guidance issued by the Standards Commission for Scotland.
- 7.14. To report, as required, on any matter within the committee's remit to Council.

Other Committees

8. Committee on Discretionary Rating Relief Appeals

- 8.1. **Constitution:** 5 members of the Council as follows:

- 8.1.1. 1 SNP
- 8.1.2. 1 Conservative
- 8.1.3. 1 Labour
- 8.1.4. 1 Green
- 8.1.5. 1 SLD

Convener

- 8.2. The Convener will be a member of the City of Edinburgh Council.

Quorum

- 8.3. Two members of the Committee on Discretionary Rating Relief Appeals will constitute a quorum

Substitution

- 8.4. Substitutes are permitted.

Delegated functions

- 8.5. Power is delegated to the Committee on Discretionary Rating Relief Appeals:
 - 8.5.1. To review decisions taken by the Executive Director of Resources to refuse discretionary rating relief;

- 8.5.2. To consider representations from organisations or individuals, justifying the granting of discretionary rating relief to them;
- 8.5.3. To decide whether or not to grant discretionary rating relief as a result of considering the organisation's or individual's representations; and
- 8.5.4. To decide what, if any, conditions should be fulfilled prior to discretionary rating relief being granted.

9. Leadership Advisory Panel

9.1. **Constitution:** 5 members of the Council as follows:

- 9.1.1. Leader of the Council
- 9.1.2. Deputy Leader of the Council
- 9.1.3. Conservative Group Leader
- 9.1.4. Green Group Leader
- 9.1.5. Scottish Liberal Democrat Group Leader
- 9.1.6. three statutory representatives, appointed by the Education, Children and Families Committee when considering education business

Convener

9.2. The Convener of the Committee will be the Leader of the Council.

Quorum

9.3. Two members of the Leadership Advisory Panel will constitute a quorum except on education business when the quorum will be three members.

Substitution

9.4. Substitutes are permitted for members of the Council only

Delegated functions

9.5. Power is delegated to the Leadership Advisory Panel:

- 9.5.1. To decide any matter of urgency arising during any recess period, subject to the provision of any relevant enactment, to exercise all functions of the Council or Committee, which would otherwise have dealt with the matter that:
 - (a) can not await the resumption of the normal meetings timetable; and
 - (b) can not appropriately be decided by the Chief Executive or Executive Director in accordance with urgency provisions within these Committee Terms of Reference.

10. Planning Committee

10.1. **Constitution:** 11 members of the Council as follows:

- 10.1.1. 3 SNP
- 10.1.2. 3 Conservative
- 10.1.3. 2 Labour
- 10.1.4. 2 Green
- 10.1.5. 1 SLD

Convener

10.2. The Convener and Vice-Convener will be ~~a~~ members of the City of Edinburgh Council.

Quorum

10.3. Four members of the Planning Committee will constitute a quorum.

Substitution

10.4. Substitutes are permitted from members of the Council who have undertaken and completed appropriate training specified by the Chief Planning Officer.

Delegated functions

10.5. Power is delegated to the Planning Committee:

10.5.1. To exercise the functions of the Council as planning, building standards and statutory addressing authority and to determine planning policies including:

10.5.1.1. Development frameworks including public realm for place making;

10.5.1.2. Strategic Infrastructure;

10.5.1.3. Non-statutory planning guidance;

10.5.1.4. designate and review conservation areas;

10.5.1.5. management plans for world heritage sites.

10.5.2. To express and interpret these policies as specific tasks and projects and set service standards;

10.5.3. To review performance in the delivery of services, the achievement of service standards and the impact of the Committee's activities on the City;

10.5.4. To conduct relations with external bodies relevant to the Committee's service responsibilities, including approval of a response to proposals by other authorities or bodies on which the Council is being consulted;

- 10.5.5. To appoint representatives on outside bodies relevant to the committee's service responsibilities;
- 10.5.6. To consider the development and use of land in the city and wider city region and approve relevant stages of the local development plan and to refer it to Council for adoption. ;
- 10.5.7. To take decisions in pursuit of the committee's policies, subject to compliance with corporate personnel and financial policies and regulations;
- 10.5.8. To determine any charges for services provided by the committee; and
- 10.5.9. To provide financial assistance, in pursuit of the committee's policies.

11. Pensions Committee

11.1. **Constitution:** 5 members of the Council as follows:

- 11.1.1. 1 SNP
- 11.1.2. 1 Conservative
- 11.1.3. 1 Labour
- 11.1.4. 1 Green
- 11.1.5. 1 SLD
- 11.1.6. 2 external members nominated by the Lothian Pension Funds Consultative Panel, 1 employer and 1 member representative.
- 11.1.7.

Convener

11.2. The Convener will be a member of the City of Edinburgh Council.

Quorum

11.3. Three members of the Pensions Committee will constitute a quorum.

Substitution

11.4. Substitutes are permitted from members of the Council who have undertaken and completed appropriate training specified by the Executive Director of Resources.

Delegated functions

11.5. Power is delegated to the Pensions Committee :

- 11.5.1. exercise all functions of the pension funds, within the terms of the legislation;
- 11.5.2. determine the overall policy objectives of the pension funds in accordance with the best interests of fund members and with relevant legislation;

- 11.5.3. determine the strategy for the investment of pension funds monies including the variety and suitability of investments and to review and monitor investment arrangements;
 - 11.5.4. ensure appropriate investment management arrangements are in place for pension funds monies and to review investment manager performance;
 - 11.5.5. establish and maintain arrangements for the effective management and administration of the pension funds including staffing and budgetary arrangements.
 - 11.5.6. approve the allocation of resources to the Investment and Pensions Division from the Revenue Budget and Capital Investment Programme of the pension funds;
 - 11.5.7. approve responses to consultation papers issued by government and other authorities; and
- 11.6. monitor overall performance of the pension funds in the delivery of services and financial performance, consider all matters in respect of the pension funds including:
- 11.6.1. determining policies for the management and regulation of the Investment and Pensions Division within the strategic policy and planning framework approved by the Council;
 - 11.6.2. approving strategies, programmes and projects and work with officers and partners to implement them;
 - 11.6.3. setting standards for service delivery;
 - 11.6.4. securing best value in the provision of services;
 - 11.6.5. taking all executive decisions in respect of the pension funds which are not reserved to the Council or delegated to another committee of the Council;
 - 11.6.6. ensuring systematic appraisal of the control environment and framework of internal controls in respect of the Investment and Pensions Division to provide reasonable assurance of effective and efficient operations and compliance with laws and regulations;
 - 11.6.7. promoting the development of an appropriate risk management strategy and risk management procedures;
 - 11.6.8. ensuring highest standards of probity and public accountability;
 - 11.6.9. ensuring sound financial procedures are in place for authorising and monitoring expenditure;

- 11.6.10. agreeing internal audit plans and to ensure internal audit work is properly planned with due regard to risk, materiality and coverage;
- 11.6.11. overseeing and review action taken on internal audit recommendations;
- 11.6.12. reviewing all matters relating to external audit, including audit plan, action points and reports, and to monitor implementation of external audit recommendations; and
- 11.6.13. promoting, monitoring and developing continuous improvement.

12. Personnel Appeals Committee

12.1. **Constitution:** 9 members of the Council as follows:

- 12.1.1. 3 Conservative
- 12.1.2. 2 SNP
- 12.1.3. 2 Labour
- 12.1.4. 1 Green
- 12.1.5. 1 Scottish Liberal Democrat

Convener

12.2. The Convener will be a member of the City of Edinburgh Council.

Quorum

12.3. Three members of the Personnel Appeals Committee will constitute a quorum.

Substitution

12.4. Substitutes are permitted.

Delegated functions

12.5. Power is delegated to the Personnel Appeals Committee to:

- 12.5.1. hear and decide appeals on a decision taken, or a failure to take a decision, by an Executive Director, or his/her nominee, under the Procedures for Hearing Employee Grievances.
- 12.5.2. hear and decide appeals to a decision to:
 - 12.5.2.1. dismiss or take other forms of punitive disciplinary action; and
 - 12.5.2.2. issue a warning, oral or written under the Procedure for Consideration of Appeals by Executive Directors against Disciplinary Action and the Procedure for Consideration of Appeals against Disciplinary Action.

12.5.3. hear and decide disputes under the Avoidance of Industrial Disputes Procedure.

12.5.4. decide appeals from teaching staff in regard to the application and interpretation of the terms of the Scheme of Salaries and Conditions of Service for Teaching Staff in School Education.

13. Placing in Schools Appeals Committee

13.1. **Constitution:** One person from each of the following panels:

13.2. Panel 1: All members of Council and religious representatives on the Education, Children and Families Committee.

13.3. Panel 2: Parents of children of school ages.

13.4. Panel 3: Persons with experience in education and acquainted with educational conditions in the Council's area, nominated by the Executive Director of Communities and Families.

Chair

13.5. Each meeting appoints a Chair.

Quorum

13.6. Three members of the Placing in Schools Appeals Committee will constitute a quorum.

Substitution

13.7. Substitutes are only permitted from the same Panel.

Delegated functions:

13.8. Power is delegated to the Placing in Schools Appeals Committee:

13.8.1. To hear and decide appeals against decisions of the Council to refuse placing requests and exclude pupils all in terms of Section 28 C, D, E, G and H of the Education (Scotland) Act 1980 as amended; and

13.8.2. To consider appeals against decisions by the Executive Director of Communities and Families to refuse early admission to school.

14. Committee on Pupil Student Support

14.1. **Constitution:** 5 members of the Council as follows:

14.1.1. 1 SNP

14.1.2. 1 Conservative

14.1.3. 1 Labour

14.1.4. 1 Green

- 14.1.5. 1 SLD
- 14.1.6. 1 religious representative from the Education, Children and Families Committee

Convener

- 14.2. The Convener will be a member of the City of Edinburgh Council.

Quorum

- 14.3. Two members of the Committee on Pupil and Student Support will constitute a quorum.

Substitution

- 14.4. Substitutes are permitted.

Delegated functions:

- 14.5. To consider school placing requests, and decide the priority order of placing requests.

15. Recruitment Committee

- 15.1. **Constitution:** 7 members of the Council as follows:

- 15.1.1. Leader of Council
- 15.1.2. Deputy Leader of the Council
- 15.1.3. Convener of the Finance and Resources Committee
- 15.1.4. Appropriate Convener or Vice-Convener for the role
- 15.1.5. A representative from each of the opposition groups

Convener

- 15.2. The Convener of the committee will be the Leader of the Council.

Quorum

- 15.3. Three members of the Recruitment Committee will constitute a quorum.

Substitution

- 15.4. Substitutes are permitted from members of the Council who have undertaken and completed appropriate training specified by the Chief Executive and in line with the relevant Council policy.

Delegated functions

- 15.5. Power is delegated to the Recruitment Committee to short list and interview candidates and recommend an appointment to the Council for posts at Chief Executive, Executive Director and Heads of Service Division level (Chief Officials).

16. Regulatory Committee

16.1. **Constitution:** 9 members of the Council as follows:

- 16.1.1. 3 Conservative
- 16.1.2. 2 SNP
- 16.1.3. 2 Labour
- 16.1.4. 1 Green
- 16.1.5. 1 Scottish Liberal Democrat

Convener

16.2. The Convener and Vice-Convener will be ~~a~~ members of the City of Edinburgh Council.

Quorum

16.3. Four members will constitute a quorum.

Substitution

16.4. Substitutes are permitted from members of the Council who have undertaken and completed appropriate training specified by the Chief Executive.

Delegated functions

16.5. Power is delegated to the Regulatory Committee to:

- 16.5.1. exercise the functions of the Council as Licensing authority under the Civic Government (Scotland) Act 1982 and other statutory provisions which are not within the remit of any other Committee.
- 16.5.2. exercise the functions of the Council on all licensing functions which are not reserved to the Council, its officers or delegated to another Committee.
- 16.5.3. determine individual applications for registration and licences under the Civic Government (Scotland) Act and other statutory provisions which are not delegated to officers, in accordance with approved policies.
- 16.5.4. express and interpret licensing policies as specific projects, to set service standards and monitor performance in the delivery of services including financial performance relating to Regulatory Committee matters.
- 16.5.5. liaise with external bodies relevant to the Committee's service area, considering and approving responses to consultation proposals.
- 16.5.6. appoint representatives to outside bodies within the Committee's remit.
- 16.5.7. approve charges as required by statute and determine licence fees.
- 16.5.8. determine applications for road construction consent which are not delegated to the Executive Director of Place.

- 16.5.9. determine applications for permission to place tables and chairs on footways which are recommended for refusal by the Executive Director of Place.
- 16.5.10. exercise the Council's responsibilities in respect of safety at sports grounds.
- 16.5.11. exercise the Council's functions regarding notification of parades and processions so far as not delegated to officers.

17. The City of Edinburgh Planning Local Review Body

17.1. **Constitution:** 5 members of the Council as follows:

- 17.1.1. Any five members who are also members of the Planning Committee but not the Convener of the Planning Committee.

Convener

17.2. Each meeting appoints a Convener.

Quorum

17.3. Three members of the City of Edinburgh Planning Review Body will constitute a quorum.

Substitution

17.4. Substitutes are only permitted from the pool of trained members of the Planning Committee.

Delegated functions:

17.5. Power is delegated to the City of Edinburgh Planning Local Review Body to fulfil the obligations of the Council, as planning authority, under section 43A of the Town and County Planning (Scotland) Act 1997 for the conduct of reviews.

18. Committee on the Jean F Watson Bequest

18.1. **Constitution:** 8 members of the council as follows:

- 18.1.1. 2 SNP
- 18.1.2. 2 Conservative
- 18.1.3. 2 Labour
- 18.1.4. 1 Green
- 18.1.5. 1 Scottish Liberal Democrat
- 18.1.6. one nominee of Friends of City Art Centre
- 18.1.7. two external members appointed by the Executive Director of Resources, in consultation with the Convener.

Convener

18.2. The Convener of the Committee will be a member of the City of Edinburgh Council.

Quorum

- 18.3. Four members of the Committee on the Jean F Watson Bequest will constitute a quorum.

Substitution

- 18.4. Substitutes are permitted.

Delegated functions:

- 18.5. Power is delegated to the Committee on the Jean F Watson Bequest to:

- 18.5.1. Use monies from the Jean F Watson Bequest to purchase and commission for the City's collection works of artists and craftspeople born, practising in, or otherwise associated with Scotland, and in particular Edinburgh; all decisions to be guided by the Collection and Disposal Policy for the City Museums and Galleries.
- 18.5.2. Use monies from the Catherine E Cowper Trust to purchase and commission items for the Museum of Childhood; all decisions to be guided by the Collection and Disposal Policy for the City Museums and Galleries.

Sub-Committees

19. Development Management Sub-Committee (Parent: Planning Committee)

19.1. **Constitution:** All 11 members of the Planning Committee, as follows: -

- 19.1.1. 3 SNP
- 19.1.2. 3 Conservative
- 19.1.3. 2 Labour
- 19.1.4. 2 Green
- 19.1.5. 1 Scottish Liberal Democrat

Convener

19.2. The Convener will be a member of the City of Edinburgh Council.

Quorum

19.3. Four members of the Development Management Sub-Committee will constitute a quorum.

Substitution

19.4. Substitutes are permitted from members of the Council who have undertaken and completed appropriate training specified by the Chief Planning Officer.

Delegated Functions

19.5. To discharge all functions of Management of Development Control required under the Planning Acts including the determination of planning applications (except for applications for National Developments and major developments significantly contrary to the Development Plan which require to be determined by full Council, or applications under the Council's Scheme of Delegation for Local Developments).

19.6. To determine applications for High Hedge Notices and withdraw or vary such notices as prescribed under the High Hedges (Scotland) Act 2013.

19.7. To determine cases for street naming and the numbering of properties.

20. Licensing Sub-Committee (Parent: Regulatory Committee)

20.1. **Constitution:** 9 members of the Council as follows:

- 20.1.1. 3 Conservative
- 20.1.2. 2 SNP
- 20.1.3. 2 Labour
- 20.1.4. 1 Green
- 20.1.5. 1 Scottish Liberal Democrat

Convener

- 20.2. The Convener of the Licensing Sub-Committee is the Convener of the Regulatory Committee.

Quorum

- 20.3. Three members constitute a quorum.

Substitution

- 20.4. Substitutes are permitted from members of the Council who have undertaken and completed appropriate training specified by the Chief Executive.

Delegated functions:

- 20.5. Power is delegated to the Licensing Sub-Committee to:

- 20.5.1. exercise the functions of the Council as Licensing authority under the Civic Government (Scotland) Act 1982 and other statutory provisions which are not within the remit of any other Committee;
- 20.5.2. exercise the functions of the Council on all licensing functions which are not reserved to the Council, its officers or delegated to another Committee;
- 20.5.3. determine individual applications for registration and licences under the Civic Government (Scotland) Act and other statutory provisions which are not delegated to officers, in accordance with approved policies;
- 20.5.4. determine applications for road construction consent not delegated to the Executive Director of Place;
- 20.5.5. determine applications for permission to place tables and chairs on footways recommended for refusal by the Executive Director of Place;
- 20.5.6. exercise the Council's responsibilities in respect of safety at sports grounds; and
- 20.5.7. exercise the Council's functions regarding notification of parades and processions so far as not delegated to officers.

21. Pensions Audit Sub-Committee (Parent: Pensions Committee)

Constitution

- 21.1. Three members from the Pensions Committee of which a minimum are two City of Edinburgh elected members.

Quorum

- 21.2. Two members of the Pensions Audit Sub Committee will constitute a quorum.

Convener

- 21.3. The Convener of the Pensions Audit Sub-Committee will be appointed from the membership of the Pensions Committee, excluding the Convener of that committee.

Substitution

- 21.4. Substitutes are permitted from members of the Council who have undertaken and completed appropriate training specified by the Executive Director of Resources.

Delegated functions

- 21.5. Power is delegated to the Pensions Audit Sub-Committee to consider and make appropriate recommendation(s) to the Pensions Committee:

- 21.5.1. To ensure systematic appraisal of the control environment and framework of internal control of pension funds to provide reasonable assurance of the effective and efficient operations and compliance with laws and regulations;
- 21.5.2. To promote the development of an appropriate risk management strategy and risk management procedures;
- 21.5.3. To ensure the highest standards of probity and public accountability;
- 21.5.4. To ensure sound financial procedures are in place for authorising and monitoring expenditure;
- 21.5.5. To consider and scrutinise an annual report on any companies owned by the Council that are connected to the activities of the Pension Fund;
- 21.5.6. To review the annual financial statements of the pension funds [and the International Standard on Auditing 260 (ISA 260) communication of audit matters];
- 21.5.7. To agree internal audit plans and to ensure that internal audit work is planned with due regard to risk, materiality and coverage;
- 21.5.8. To oversee in light of the audit plan the performance of the audit service;
- 21.5.9. To oversee and review action taken on internal audit recommendations; and
- 21.5.10. To review all matters relating to external audit, including audit planning, action points and reports, and to monitor the implementation of external audit recommendations.

22. Property Sub-Committee (Parent: Finance and Resources Committee)

22.1. **Constitution:** 10 members of the Council as follows:

- 22.1.1. 3 SNP
- 22.1.2. 3 Conservative
- 22.1.3. 2 Labour
- 22.1.4. 1 Green
- 22.1.5. 1 SLD

Convener

22.2. The Convener will be a member of the City of Edinburgh Council.

Quorum

22.3. Four members of the Property Sub-Committee will constitute a quorum.

Substitution

22.4. Substitutes are permitted.

Delegated functions:

22.5. Power is delegated to the Property Sub-Committee to:

- 22.5.1. oversee the work of the Edinburgh Shared Repairs Service;
- 22.5.2. to take decisions in relation to the Council's Shared Repair Service that fall within the remit of the Finance and Resources Committee in relation to financial and legal risks; and
- 22.5.3. consider any outstanding issues that require detailed scrutiny in relation to the closure of the Property Conservation Programme Momentum project.

23. Special Sub-Committee on Adult Social Care (Parent: Culture and Communities Committee)

23.1. **Constitution:** 5 members of the Council as follows:

- 23.1.1. 1 Labour
- 23.1.2. 1 SNP
- 23.1.3. 1 Conservative
- 23.1.4. 1 Green
- 23.1.5. 1 SLD

Convener

23.2. The parent committee appoints the Convener.

Quorum

- 23.3. Two members of the Special Sub-Committee on Adult Social Care will constitute a quorum.

Substitution

- 23.4. Substitutes are permitted.

Delegated functions

- 23.5. Power is delegated to the Special Sub-Committee on Adult Social Care to:
- 23.5.1. maintain an overview of the quality of social work experience for Edinburgh's citizens by considering reports of HMI, SWIA, and Care Commission inspections and internal reviews of health and social care establishments and services, and action taken;
 - 23.5.2. monitor the implementation of new initiatives relating to quality;
 - 23.5.3. maintain an overview of the implementation of national and local policies.
 - 23.5.4. address issues relating to the work of services which arise during the course of the business of the sub-committee and make recommendations to the Culture and Communities Committee;
 - 23.5.5. celebrate the success of services, including identification of examples of good practice; and
 - 23.5.6. provide a high quality experience for officers and sub-committee members by adopting an agreed set of protocols for the conduct of Special Sub-Committees.

24. Sub-Committee on Standards for Children and Families (Parent: Education, Children and Families Committee)

- 24.1. **Constitution:** 9 Members in total comprising of 1 religious representative and 8 Members of the Council as follows:
- 24.1.1. 3 Conservative
 - 24.1.2. 2 SNP
 - 24.1.3. 2 Labour
 - 24.1.4. 1 Green
 - 24.1.5. 1 Scottish Liberal Democrat

Convener

- 24.2. The parent committee will appoint the convener.

Quorum

- 24.3. Three members will constitute a quorum.

Substitution

- 24.4. Substitutes are permitted.

Delegated functions

- 24.5. Power is delegated to the Sub-Committee on Standards for Children and Families to:

- 24.5.1. Provide oversight of the quality of education and care experiences for young people in the City of Edinburgh by scrutinising the reports and follow up actions of Education Scotland inspections in schools;
- 24.5.2. Consider an annual report on Care Inspectorate inspections in early years provision;
- 24.5.3. Consider individual reports on Care Inspectorate inspections in residential schools, care services for children and local authority reviews of service areas, establishments and units;
- 24.5.4. Monitor the implementation of initiatives relating to quality improvement and assurance, and attainment and achievement;
- 24.5.5. Maintain an overview of the implementation of national and local policies specifically related to quality standards by officers, establishments and services;
- 24.5.6. Contribute to the support and challenge agenda within the context of establishment plans; and
- 24.5.7. Celebrate the success of establishments, units, teams and the service including recognising items of good practice.

1. Status and Statutory Responsibility

- 1.1 These regulations are made under section 95 of the Local Government (Scotland) Act 1973.
- 1.2 Section 95 states that every local authority shall make arrangements for the proper administration of its financial affairs and shall secure that the proper officer of the authority (termed the Section 95 Officer) has responsibility for the administration of those affairs.
- 1.3 The Local Authority Accounts (Scotland) Regulations 1985 further specify that the system of accounting and control and the form of the accounts and supporting records are to be determined by the Section 95 Officer and that s/he is to ensure that accounting controls are observed and the accounts and supporting records are kept up to date. S/he is also responsible for publishing the Annual Accounts of the Council and for making the arrangements for the statutory audit required by s96 of the 1973 Act.
- 1.4 The City of Edinburgh Council has designated the Head of Finance as the Section 95 Officer and therefore as the officer responsible for the administration of the Council's financial affairs in terms of section 95 of the 1973 Act.
- 1.5 The Head of Finance serves as the Section 95 Officer for all of the Council's accounting arrangements, including those of the Lothian Pension Funds. For the Lothian Pension Funds, however, this Section 95 responsibility has been delegated to the Funds' Chief Finance Officer in accordance with the arrangements set out in the addendum to this document.
- 1.6 Following the establishment under the Public Bodies (Joint Working) Act 2015 of an Edinburgh-area Health and Social Care Integration Joint Board (EIJB), [a separate set of financial regulations](#), drawing on similar principles of sound governance, has been produced. Along with the related financial directives, these regulations form the basis upon which the Chief Financial **Planning** Officer of the EIJB will discharge equivalent proper officer responsibilities for the Board.
- 1.7 A more detailed set of Finance Rules, which prescribe the procedures to be followed, has also been prepared. While these rules and other relevant procedures and policies are not contained within these financial regulations, they are issued under their authority and have the same status as if they were included in the body of these regulations.
- 1.8 The Head of Finance will establish a programme of review for all relevant documents and report the outcome of this review to the Finance and Resources Committee on an annual basis. Executive Directors and officers may also seek the issue, amendment,

clarification or supplementing of the regulations, finance rules or associated procedures and policies for any areas of responsibility not previously addressed.

- 1.9 Any breach or non-compliance with these regulations or the associated finance rules, procedures or policies issued under their authority must be reported immediately to the Head of Finance, who may consult others as s/he sees fit to determine the proper action.

2. Application

- 2.1 The City of Edinburgh Council is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards and that public money is safeguarded, properly accounted for and used economically, efficiently, effectively, equitably and ethically. The Council's activities are furthermore guided by a set of underlying principles and responsibilities fostering openness, integrity and accountability.
- 2.2 In discharging these responsibilities, elected members and senior officers are responsible for implementing effective arrangements for governing the Council's affairs and facilitating the effective exercising of its functions including arrangements for managing risk.
- 2.3 As a consequence of these responsibilities, the Council must regulate the actions taken on its behalf that carry financial implications to provide assurance of their propriety and consistency. It is furthermore a requirement of these regulations that all financial transactions are within the legal powers of the Council. These Financial Regulations thus form a key element of the maintenance of a robust, clear and accountable governance framework for the Council.

3. Responsibilities and Observance

3.1 Chief Executive

- 3.1.1 The Chief Executive, as statutory Head of -Paid Service, has authority over all officers and is authorised to discharge any function or exercise any power delegated to any officer under the Council's Scheme of Delegation. As the officer charged with overall responsibility for the corporate management and operational functions of the Council, this includes putting in place suitable arrangements to ensure an efficient use of resources.
- 3.1.2 The Council's Scheme of Delegation to Officers sets out the powers delegated to officers pursuant to the Local Government (Scotland) Act 1973. As noted in paragraph 1.4, the Head of Finance has been designated the Council's Section 95 Officer responsible for the administration of the Council's financial affairs.

3.2 Role of the Head of Finance

3.2.1 The Head of Finance, as the Council's Section 95 officer, is responsible for advising the Council on all financial matters and for monitoring and reporting on its financial performance and position.

3.3 Executive Directors

3.3.1 Executive Directors are responsible for establishing sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and meeting associated financial targets. In doing so, they should also have due regard to sustainability and equalities considerations.

3.3.2 Executive Directors are fully responsible and accountable for the financial performance of their ~~Directorate service area~~ against the budget allocated. They may incur revenue expenditure in furtherance of agreed Council policies only to the extent that budgetary provision has been made.

3.3.3 As part of ensuring the overall sustainability of the Council's financial planning and management arrangements, Executive Directors also have a responsibility to review their respective budgets on an on-going basis. This includes the active monitoring and management of service pressures, delivery of approved savings and application of approved service investment, particularly in cases where this investment is targeted towards delivery of longer-term savings. The Head of Finance, as the Section 95 officer, may request that Executive Directors report to Council during the year on measures being taken to ensure expenditure is contained within approved levels.

3.3.4 Executive Directors are further charged with the implementation of the risk management policy and associated operational arrangements for the control and mitigation of risk in their service areas and for ensuring its effectiveness and review.

3.3.5 Paragraphs 3.2 and 3.3 of the Scheme of Delegation provide that:

- (a) In the event that the Executive Director or Head of Service/Chief Social Work Officer (where relevant) is unavailable, his/her designated deputy or the head of the relevant service will have delegated authority to take urgent decisions in the absence of the Executive Director;
- (b) Executive Directors or the Head of Service/Chief Social Work Officer (where relevant) may sub-delegate their delegated powers to their deputy(ies) or head(s) of service or such other officer(s) in their service area as they may consider appropriate.

- 3.3.6 With the exception of urgent decisions, which must be taken in accordance with the Scheme of Delegation, authority to discharge financial-related responsibilities must be delegated formally in writing. This requirement applies to delegations of authority for financial matters by all levels of management.
- 3.3.7 Executive Directors will formally report major financial issues to the Chief Executive and Head of Finance, who will instruct appropriate action.
- 3.4 Internal Audit and Risk Management
- 3.4.1 The Head of Legal and Risk, through the Chief Internal Auditor, shall arrange for a continuous internal audit function, to carry out an examination of accounting, financial and other operations of the Council, through undertaking a risk-based audit plan, complying with the Public Sector Internal Audit Standards (PSIAS). The Head of Legal and Risk ~~Chief Risk Officer~~ will also oversee the development and implementation of an appropriate risk management policy and associated operational arrangements.
- 3.4.2 It is the Chief Internal Auditor's responsibility to put in place appropriate arrangements to provide the Chief Executive, Executive Directors, Head of Finance and elected members with an annual assurance statement on compliance with Financial Regulations and the Local Code of Corporate Governance.
- 3.5 Elected Members
- 3.5.1 Elected members' responsibilities with regard to financial matters reflect a number of facets, including:
- (a) Setting the authority's financial strategy, including budget-setting;
 - (b) Setting the authority's strategic direction and overseeing arrangements for the securing (and demonstration) of best value;
 - (c) Ensuring proper control is exercised over the authority's expenditure through scrutiny of periodic financial reports comparing expenditure with the level of budgetary provision;
 - (d) Holding senior officers to account with regard to discharging all relevant financial responsibilities within their control; and
 - (e) Encouraging the development of service targets/performance measurements of a financial/non-financial nature to monitor service achievements.
- 3.5.2 In this regard, the respective remits and key functions of Council, the Governance, Risk and Best Value Committee, the Finance and

Resources Committee and other Executive Committees are set out in the Council's Committee Terms of Reference and Delegated Functions.

3.6 External Audit

- 3.6.1 The external audit of the Council seeks to assess the extent to which the stewardship of its financial affairs is subject to a regime of accountability where monies are properly accounted for, safeguarded and used economically, efficiently and effectively. The scope of this audit is wider than that of the private sector equivalent, encompassing coverage of the financial statements, regularity, propriety and best value, including the securing of value for money. At present, this role is undertaken on the Accounts Commission's behalf by Scott-Moncrieff.

4. Principles and Key Areas of the Control Framework

4.1 Financial Management

- 4.1.1 The Head of Finance will, in conjunction with the relevant Executive Director, provide to all Executive Committees (including the Finance and Resources Committee) and the Governance, Risk and Best Value Committee regular monitoring reports, including reports on the final outturn, together with any recommendations.

4.2 Financial Control

- 4.2.1 As noted at 1.3, The Local Authority Accounts (Scotland) Regulations 1985 require that the system of accounting and control, and the form of the accounts and supporting records, should be defined by the Head of Finance, who will ensure that the system is adhered to and that the accounts and supporting records are kept up to date.
- 4.2.2 The Regulations also require the Head of Finance to submit the Abstract of Accounts to the Council (or an appropriate Executive Committee) and the Council's external auditor by the prescribed dates. The Head of Finance is responsible for ensuring that the accounts are produced in compliance with existing legal and accounting requirements.
- 4.2.3 Executive Directors are required to provide all relevant information to the Head of Finance in accordance with the instructions issued annually.

4.2.4 As the officer who is statutorily responsible for all financial matters the Head of Finance will implement procedural controls to ensure that:

- (a) All expenditure is a valid charge;
- (b) Income owed is collected;
- (c) Assets are protected;
- (d) Liabilities are accounted for; and
- (e) Financial reports are prepared.

4.3 Risk Management and Internal Control

4.3.1 In accordance with the Head of Finance's responsibility for financial control and the Local Code of Corporate Governance's requirements for the effective management of risk, the Head of Finance has approved financial rules to address these matters.

4.4 Systems and Procedures

4.4.1 **Accounting Arrangements**

4.4.1.1 The following will be carried out according to procedures and instructions issued by the Head of Finance:

- (a) Preparation of the statutory Abstract of Accounts; and
- (b) Production of financial information in Council strategic plans, including estimated revenue and capital expenditure.

4.4.1.2 All financial records, systems and any changes thereto are subject to the written approval of the Head of Finance following consultation with Executive Directors.

4.4.1.3 The following principles must be observed in the allocation of accounting duties:

- (a) The duties of providing information regarding sums owed to or by the Council, and calculating, checking and recording these sums must be separated as completely as possible from the duty of collecting or disbursing them;
- (b) Officers responsible for examining and directing accounts of cash transactions cannot be engaged in any of these transactions;
- (c) All checking and authorisation undertaken by officers must be evidenced by initials or signature, whichever is appropriate;

- (d) All claims, returns or written submissions relating to grants and financial data must be submitted to the Head of Finance for approval prior to entering into any contracts under delegated authority; and
- (e) Financial records, including contract documents for work done, services and supplies, may only be disposed of in accordance with arrangements approved by the Head of Finance.

4.4.2 Revenue Budgets

- 4.4.2.1 Executive Directors are required to prepare revenue estimates in accordance with guidance issued by the Head of Finance. Such estimates will be supported by an integrated impact assessment, where relevant. The Head of Finance will assist Executive Directors to prepare financial information for inclusion in the revenue estimates. The Council's Strategy and [Communications Insight](#) service will assist, as necessary, Executive Directors to prepare integrated impact assessments. ~~Where applicable, consideration must also be given to the carbon, climate change adaptation and sustainable development impacts of budget proposals, on which relevant specialists can provide additional advice.~~ When the revenue estimates have been approved by Council, they become the "Revenue Budget".
- 4.4.2.2 The Head of Finance will prepare a financial context report for the Finance and Resources Committee for the next and future years. The Finance and Resources Committee will then remit the report to Council and may make recommendations to Council on setting Council Tax and rent for Council houses for the next financial year and, where applicable, on indicative figures for future years.
- 4.4.2.3 After considering the report and any recommendations, Council shall approve the allocation of resources, authorise the spending and set the Council Tax, rent for Council houses and relevant fees and charges for the following financial year at a meeting before 11th March each year.
- 4.4.2.4 The Head of Finance will determine what constitutes revenue expenditure and the relevant accounts in which transactions should be recorded.

4.4.3 Capital Budgets

- 4.4.3.1 Executive Directors are required to prepare capital estimates, including carbon impact assessments, in accordance with guidance issued by the Head of Finance. When the capital estimates have been approved by Council, they become the "Capital Investment Programme".

- 4.4.3.2 The Head of Finance will determine what constitutes capital expenditure and the relevant accounts in which transactions must be recorded.
- 4.4.3.3 Capital estimates must be submitted for scrutiny by the Finance and Resources Committee, whose recommendations will be referred to the Council for approval.
- 4.4.4 **Reporting Requirements**
- 4.4.4.1 All Council and committee reports are required to include a statement of the financial consequences of the proposals for current and future years. The range of relevant considerations will vary from report to report but [a summary of the principal areas concerned](#) was reported to the Governance, Risk and Best Value Committee in December 2012. Guidance on completion of the financial implications section of Committee reports is also provided within Section ~~127~~ of [the Council's report writing and committee template information pack](#).
- 4.4.4.2 Where applicable, following approval at the Finance and Resources Committee in January 2014, commentary should also be included to cover (i) the associated revenue budget (i.e. loans charge) impact of capital expenditure proposals and/or changes and (ii) a summary of costs incurred by the Council in the procurement process for the goods and/or services forming the subject of that report. Further advice on requirements in each of these areas is available from the Corporate Finance Senior Manager.
- 4.4.4.3 In the event that reports do not meet the above requirement, or insufficient time is allowed for them to be properly considered, the Head of Finance may request that the Executive Director or other officer submitting the report withdraws it from the Council or committee agenda.
- 4.4.4.4 The Head of Finance, in conjunction with Executive Directors, is required to submit detailed quarterly monitoring reports to the Finance and Resources Committee, other relevant executive committee(s) and the Governance, Risk and Best Value Committee. These reports will compare actual expenditure to date with the budget position, project the expenditure outturn for revenue and capital expenditure, provide an overview of progress in delivering approved savings and managing service risks and pressures and report key service issues including – where relevant – the equality and rights impact of any changes. The Head of Finance will specify the format of such monitoring reports.
- 4.4.4.5 The Head of Finance may give such direction to Executive Directors as to measures to be taken in relation to the revenue budget or the capital investment programme during the remainder of the financial year as may be necessary or advisable in the circumstances prevailing.

Field Code Changed

4.4.4.6 The Head of Finance may also make recommendations to Council as may be necessary or advisable in the circumstances prevailing.

4.4.5 **Spending, Supplementary Estimates and Transferring Funds**

4.4.5.1 No Executive Director or officer to whom budgetary responsibilities have been delegated may allow spending, whether revenue or capital, to exceed budget.

4.4.5.2 No Executive Director or officer to whom budgetary responsibilities have been delegated may incur any expenditure unless:

- (a) It is a revenue expense which has been approved as part of the revenue budget under 4.4.2 of these Financial Regulations; or
- (b) It is a capital expense which has been approved as part of the Capital Investment Programme under 4.4.3 of these Financial Regulations, or any separate Act of Council and, where necessary, a tender or quotation has been received under Contracts Standing Orders; or
- (c) The expense has been authorised under the remaining subparagraphs of paragraph 4.4.5 of the Financial Regulations.

4.4.5.3 The Finance and Resources Committee may transfer money within the revenue budget to either existing or new projects, but:

- (a) If this will change approved Council policy, a report must be submitted to Council for approval before the transfer can be actioned; and
- (b) If the transfer will affect future years' revenue budgets, a report detailing the effect on future budgets must be submitted to Council for approval before the transfer can be actioned.

4.4.5.4 The Finance and Resources Committee may transfer money within the Capital Investment Programme to either new or existing projects as may be necessary or advisable in the circumstances prevailing, but:

- (a) If this will change approved Council policy, a report must be submitted to Council for approval before the transfer can be actioned;
- (b) If the transfer will affect future years' capital or revenue budgets, a report detailing the effect on future budgets must be submitted to Council for approval before the transfer can be actioned;

- (c) Where capital grant is provided for a specific project, no transfer to alternative projects is permitted without the consent of the Scottish Government or other external grant provider.

In the case of both revenue and capital transfers, any equality and rights impacts of the proposed changes must also be considered.

- 4.4.5.5 The Head of Finance may, from time to time, issue detailed instructions on the transfer of monies within and / or between service area revenue budgets.
- 4.4.5.6 If an Executive Director:
 - (a) Proposes to incur revenue or capital spending that is not included in the revenue budget or capital investment programme approved by Council or to reduce income provided in that way; and
 - (b) Does not propose to pay for the spending by reallocating existing funding,the Executive Director must seek a supplementary estimate.
- 4.4.5.7 S/he must report to the Finance and Resources Committee with an assessment of the financial spending consequences for the current and future years and, where relevant, the equality and rights impact of the changes. In the case of revenue expenditure, this appraisal should include identification of the budget head(s) to be reduced in future years. If the Finance and Resources Committee agrees, it will submit a recommendation to Council.
- 4.4.5.8 The Head of Finance must agree before a proposal for transfer or supplementary estimate is reported to the Finance and Resources Committee.
- 4.4.5.9 Executive Directors, in consultation with the Convener of the appropriate Executive Committee for the service, may submit a request for expenditure of an emergency nature. In such circumstances, the expenditure concerned may be incurred on the authorisation of the Head of Finance, in consultation with the Convener of the Finance and Resources Committee. The Executive Director requesting the expenditure shall arrange for the matter to be reported to the Finance and Resources Committee.
- 4.4.5.10 Other than contractual liabilities, Executive Directors are not permitted to incur revenue expenditure until the relevant financial year has commenced.

4.4.6 **Final Accounts**

- 4.4.6.1 Executive Directors are required to provide all relevant information to the Head of Finance in accordance with the instructions issued annually by him/her.
- 4.4.6.2 The Head of Finance will report the Council's final expenditure outturn with recommendations for appropriations to the Finance and Resources Committee.

4.4.7 **Internal Audit**

- 4.4.7.1 The Chief Internal Auditor will make appropriate arrangements to review, appraise and report on:
 - (a) The adequacy of internal control as an indication of probity and contribution to the economic, efficient and effective use of resources;
 - (b) Compliance with approved policies, plans and procedures, including those with a significant impact on, or strong relevance to, equality and rights;
 - (c) The extent to which assets are accounted for and safeguarded from losses arising from theft, fraud, waste, inefficient administration and poor value for money;
 - (d) The suitability and reliability of management data;
 - (e) Service managers' effectiveness in achieving value for money.
- 4.4.7.2 The Chief Internal Auditor has authority, subject to necessary, prior consultations, to:
 - (a) Enter all Council premises or land at any reasonable time and have access to all records, documents and correspondence relating to financial or other matters. This access extends to Council Officers and elected members as necessary;
 - (b) Require and receive such explanations as are necessary concerning any matter under examination; and
 - (c) Require employees to produce cash, stores or other Council property under their control.
- 4.4.7.3 If elected members or staff discover or suspect any fraud or irregularity that affects the Council, they must immediately inform the Chief Internal Auditor who will arrange for an investigation to be conducted if appropriate. In so doing, attention is drawn to the provisions and arrangements included in the Council's Public Interest

Disclosure ([Whistleblowing](#)), [Anti-Fraud, Anti-Bribery](#) and [Anti-Money Laundering](#) policies.

4.4.8 Risk Management

4.4.8.1 The Head of Legal and Risk, ~~in consultation with the Chief Risk Officer,~~ is responsible for preparing the risk management policy and associated operational arrangements.

4.4.8.2 Executive Directors are responsible for establishing effective internal controls to mitigate risk and documenting these controls and their application formally. In accordance with the risk management strategy, all officers have a role in the identification of risks as they affect their service area.

4.4.9 Internal Control

4.4.9.1 In cases of material proposed change to systems of internal control, advice should be sought from the Chief Internal Auditor. It is the responsibility of relevant service managers, however, to implement resulting changes and monitor their effectiveness.

4.4.10 Income

4.4.10.1 The collection of all money owed to the Council is the responsibility of the Head of Finance except:

(a) The collection of monies at service locations (i.e. where payment or counter services are offered) and the accounting thereof to the Head of Finance is the responsibility of the appropriate Executive Director; and

(b) The Executive Director of Place is responsible for the collection of ~~rents for Council housing and the collection of~~ parking fines and accounting for them to the Head of Finance.

4.4.10.2 The Head of Finance must be notified promptly of all money due and of contracts, leases, agreements or other arrangements, that involve payments to the Council.

4.4.10.3 Executive Directors will ensure the prompt rendering of accounts in connection with work done, goods supplied or services rendered and will furnish the Head of Finance with the information required to identify income due. The Head of Finance will approve the manner in which accounts for income receivable must be prepared. Additional guidance in this area is provided within the Council's [Corporate Debt Policy](#).

- 4.4.10.4 Arrangements for payment of accounts by instalment are at the discretion of the Head of Finance, in consultation with the relevant Executive Director where appropriate.
- 4.4.10.5 Arrangements for the billing and recovery of all sums due should be carried out in accordance with the provisions contained within the Council's Corporate Debt Policy.
- 4.4.10.6 Invoices issued by the Council must not be amended to correct errors. Services must issue a replacement invoice if errors are identified, whereupon the erroneous invoice should be cancelled.
- 4.4.11 **Receipt of Income**
- 4.4.11.1 All money received by a Council officer must be paid in without delay or in accordance with directions issued by the Head of Finance.
- 4.4.11.2 Where invoices have not been issued for sums owed to the Council, alternative arrangements for collection are subject to the Head of Finance's written approval.
- 4.4.11.3 The Head of Finance will specify in writing procedures for recording income, lodging income with the bank, resolving banking discrepancies, security and insurance, cash transfers, personal cheques and the supply of receipts and tickets for use by service areas.
- 4.4.11.4 The Executive Director of Resources, Head of Customer ~~and Information Technology~~ **and Digital Services**, Customer – Senior Manager and Head of Finance are authorised to sign certificates and petitions to the Sheriff Court for summary warrant applications.
- 4.4.12 **Salaries and Wages**
- 4.4.12.1 Employees may be appointed only in accordance with the procedures approved by the Council, the establishment, grades and rates of pay. Appropriate equality monitoring and internal audit arrangements will be put in place to ensure compliance.
- 4.4.12.2 Salaries and wages must be processed in accordance with procedures and instructions issued by the Head of Human Resources from time to time. Managers are also responsible for confirming the employment status of self-employed individuals and sole traders prior to engagement by means of completion of the HMRC-provided online assessment tool and liaising thereafter as appropriate with the Payroll and Accounts Payable functions.
- 4.4.12.3 The payment of salaries, wages, compensations and other emoluments to employees or pension entitlements to former employees will be made by the Head of Human Resources, who is

also responsible for transmitting pension contributions to the Lothian Pension Fund and the Scottish Public Pensions Agency and tax, National Insurance and apprenticeship levy contributions to HM Revenue and Customs.

4.4.12.4 Executive Directors must provide the Head of Finance and/or Head of Human Resources with the information required to complete Council and statutory returns.

4.4.13 Allowances and Loan Schemes

4.4.13.1 The Head of Human Resources is responsible for paying allowances, reimbursing expenses and administering loan schemes.

4.4.13.2 Executive Directors are required to ensure that:

- (a) Claims and applications are submitted in accordance with conditions of service, Council policies and statutory provisions, together with relevant supporting information such as receipts;
- (b) Claims and applications are submitted on the appropriate form and certified by an authorised officer;
- (c) Officers authorised to sign claims and application forms on their behalf are notified to the Head of Finance;
- (d) Information required to complete Council and statutory returns is provided to the Head of Finance.

4.4.13.3 The Head of Finance is responsible for administering the Scheme of Members' Allowances in accordance with relevant statutory provisions and the payment of expenses. A report on members' allowances must be presented to the Governance, Risk and Best Value Committee annually and is currently discharged by means of the Remuneration Report contained within the Council's Annual Accounts.

4.4.14 Insurance

4.4.14.1 The Head of Finance will:

- (a) Prepare and maintain an insurance strategy to provide cost-effective cover;
- (b) Negotiate claims with insurers, in consultation with relevant officers; and
- (c) Report annually to the Governance, Risk and Best Value Committee on the strategy's operation and effectiveness.

- 4.4.14.2 Executive Directors must notify the Head of Finance promptly of all new risks, properties, vehicles, plant, equipment, etc. that require to be insured, in addition to any alterations and changes in activities and procedures that may affect existing insurance arrangements.
- 4.4.14.3 Executive Directors must notify the Head of Finance of all major capital and revenue projects at an early stage if insurance cover or specialised insurance advice is required.
- 4.4.14.4 Executive Directors must notify the Head of Finance in writing of any loss, liability, damage or other event likely to lead to a claim immediately they become aware of it and should inform the police where appropriate.
- 4.4.14.5 In order to comply with the Insurance Act 2015, Executive Directors must advise every material circumstance that the Council 'knows' or 'ought to know' or provide sufficient information to put a prudent insurer on notice that it needs to make further enquiries for the purpose of revealing those material circumstances.
- 4.4.14.6 Executive Directors should not:
- (a) Make any admission of liability;
 - (b) Take any action which may be construed as an admission of liability; or
 - (c) Waive any rights of recovery.
- 4.4.14.7 Executive Directors must consult the Head of Finance and Head of Legal and Risk regarding the terms of any indemnity which the Council is requested to provide.
- 4.4.14.8 Executive Directors must take due account of recommendations made by the Council's insurers.
- 4.4.15 **Imprest Accounts**
- 4.4.15.1 Where appropriate, the Head of Finance will provide cash advances to officers to defray petty cash and other expenses. Such advances will be accounted for using the imprest system.
- 4.4.16 **Custody and Security of Assets**
- 4.4.16.1 Each Executive Director is responsible for maintaining appropriate security at all times for data/information, buildings, stores, furniture, equipment, cash and other property, including that owned by third parties.

4.4.16.2 The Scheme of Delegation to Officers – Appendix 1 - General Delegation to Executive Directors provides delegated authority to write off or dispose of any stores, plant, furniture, equipment or other tangible or monetary asset not falling within the scope of the Corporate Debt Policy in accordance with these Financial Regulations provided that:

- (a) The stores, plant, furniture, equipment or other tangible asset, have become unfit for use and unsaleable or in the case of relevant monetary assets, all reasonable steps to achieve recovery have been exhausted; and
- (b) The decision is made in consultation with the Executive Director of Services.

4.4.16.3 Council assets may not be removed, other than for Council purposes, unless specific instructions have been issued by an Executive Director.

4.4.16.4 Executive Directors are responsible for the care, custody and stocktaking of all stocks under their control and must act in accordance with guidelines issued by the Head of Finance.

4.4.16.5 Each Executive Director must agree maximum limits for cash holdings with the Head of Finance for insurance purposes. These may not be exceeded without the permission of the Head of Finance.

4.4.16.6 All heritable securities which are the Council's property, are in its name or in the name of its nominee, and the title deeds of all Council property must be stored securely by the Head of Finance.

4.4.16.7 All heritable securities that comprise the Common Good Fund must be stored securely by the Head of Finance.

4.4.17 **Gifts, Hospitality and Conduct**

4.4.17.1 A register of items gifted or bequeathed to the Council will be maintained by the Head of Finance. Items of considerable value when not otherwise taken on charge for Council or service-specific purposes should be lodged with the Head of Finance for safe keeping and insurance.

4.4.17.2 Elected members and officials must comply with the Local Government (Scotland) Act 1973 Section 68 and all relevant codes of conduct for local government personnel.

4.4.17.3 The Chief Executive has delegated authority to approve expenditure on civic hospitality of up to £10,000 subject to consultation with the Lord Provost or relevant Convener if provided on behalf of a particular Committee. Where total event expenditure exceeds £10,000 or is

over and above the budgeted level, approval from the Finance and Resources Committee is required.

4.4.18 Banking Arrangements

- 4.4.18.1 The Head of Finance will make arrangements for opening and operating bank accounts and using banking services. The Head of Finance is responsible for negotiating banking terms. No new bank accounts should be opened without the authorisation of the Principal Treasury and Banking Manager. Personal bank accounts must never be used in respect of Council transactions or funding.
- 4.4.18.2 All cheque forms, excluding those required for authorised imprest accounts may be printed only with the authority of the Head of Finance, who will make arrangements for their safe custody.
- 4.4.18.3 Cheques drawn on the main bank accounts must bear the facsimile signature of the Head of Finance (or other nominated officer) or be signed by the Head of Finance or other officer who holds an authorised post designated by him/her.
- 4.4.18.4 The Head of Finance will make appropriate arrangements, including determination of agreed authorisation limits, for the signature of other financial documents on behalf of the Council.

4.4.19 Treasury Management

- 4.4.19.1 The Council has adopted CIPFA's "Code for Treasury Management in the Public Services" and "Prudential Code for Capital Finance in Local Authorities". The Head of Finance is responsible for preparing and maintaining the Treasury Policy Statement and treasury management activities must be carried out in accordance with the Statement. Amendments must be considered and approved by Council.
- 4.4.19.2 An annual Treasury Strategy must be prepared. To this end, the Head of Finance will prepare separate annual reports to propose the following year's treasury strategy and report on the previous year's management performance. These documents will be subject to approval by Council and onward scrutiny by the Governance, Risk and Best Value Committee to monitor the strategy's implementation and effectiveness. The performance report will be submitted as soon as possible after the end of the financial year.
- 4.4.19.3 All treasury-related decisions are delegated to the Head of Finance who must act in accordance with the Code and Policy Statement.
- 4.4.19.4 All money in the Council's custody will be aggregated for treasury management purposes and controlled by the Head of Finance.

4.4.19.5 Where the acquisition or creation of an asset by leasing is proposed, the financial implications of the leasing agreement must be approved by the Head of Finance.

4.4.20 **Investments**

- 4.4.20.1 The Head of Finance may undertake any action that may reasonably be deemed permissible investment business but must seek appropriate advice where necessary in relation to educational endowments and any other Council or trust funds.
- 4.4.20.2 The Head of Finance is responsible for the safe custody of share certificates or other documents relating to the investment of Council or trust funds.

4.4.21 **Payment of Accounts**

- 4.4.21.1 Arrangements for processing payments must comply with procedures established by the Head of Finance, a summary of which is included in the Finance Rules.

4.4.22 **Grant Payments to Third Parties**

- 4.4.22.1 Executive Directors are responsible for ensuring that grant awards are consistent with the Council's priorities and are subject to its standard conditions of funding as determined by the Head of Finance.
- 4.4.22.2 Arrangements for processing grant payments must comply with procedures established by the Head of Finance as set out in the Finance Rules. Other than in a limited number of specific cases where authority is delegated to Executive Directors, all payments are subject to annual consideration and approval by the relevant Executive Committee.

4.4.23 **Procurement/Purchasing**

- 4.4.23.1 Arrangements for procurement/purchasing, including the use of purchasing cards, must comply with procedures established by the Head of Finance as summarised in the Finance Rules.
- 4.4.23.2 Executive Directors are responsible for ensuring that purchasing activity carried out on their behalf is undertaken in accordance with the guidance contained in the Procurement Handbook and associated equality requirements.

4.4.24 **Value Added Tax**

- 4.4.24.1 Executive Directors are responsible for identifying and accounting for input and output tax as it relates to their service area. Queries and specific problems should be referred to the Head of Finance, who is responsible for issuing guidance on the application of VAT rules.

4.4.25 **Cyber Security**

- 4.4.25.1 The Head of Customer ~~and Digital Services and Information Technology~~ is responsible for preparing and maintaining the Council's policy on ICT security, as well as appropriate guidance on usage and security.
- 4.4.25.2 Executive Directors are responsible for applying the security policy and guidance.
- 4.4.25.3 The Council is registered under the Data Protection Act. Executive Directors are responsible for ensuring that the provisions regulating computer systems' security are strictly observed. Executive Directors must liaise with the Head of Customer ~~and Digital Services and Information Technology~~ to ensure adequate security on a continuing basis.

4.4.26 **Other Significant Documents**

- 4.4.26.1 Financial Regulations should be read in conjunction with the constitutional documents of the Council and all Council Policies (as such term is defined in the Scheme of Delegation to Officers) including without limitation:

[Procedural Standing Orders for Council and Committee Meetings;](#)
[Committee Terms of Reference and Delegated Functions;](#)
[Scheme of Delegation to Officers;](#)
Finance Rules;
[Contracts Standing Orders;](#)
Procurement Handbook;
Code of Conduct on the Use of Electronic Communications;
A Framework to Advance Equality and Rights 2012 to 2017 and successor documents.

ADDENDUM: FINANCIAL REGULATIONS – LOTHIAN PENSION FUNDS

In respect of all pension funds administered by the City of Edinburgh Council, the Section 95 responsibility has been delegated to the Chief Finance Officer, Lothian Pension Fund. This encompasses responsibility for all accounting records and financial administration of the pension funds, as aligned to the remit of the Pensions Committee and Pensions Audit Sub-Committee.

The responsibilities of the Head of Finance, as detailed in these Finance Regulations, will therefore apply to the Chief Finance Officer, Lothian Pension Fund, only to the extent that these are pertinent to the governance of the pension funds. This shall include making suitable arrangements for the safe custody of the investments of the pension funds, share certificates or other documents relating to the investment of pension funds. Financial reporting for the pension funds will be considered by the Pensions Committee, and the Pensions Audit Sub-Committee as appropriate.

**CITY OF EDINBURGH COUNCIL
SCHEME OF DELEGATION TO
OFFICERS**

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CITY OF EDINBURGH COUNCIL
SCHEME OF DELEGATION TO OFFICERS

GENERAL

- 1.1 This Scheme of Delegation to Officers ("**Scheme**") applies from ~~14 December 2018~~ 28 June 2019 and sets out the powers delegated by the City of Edinburgh Council ("**Council**") to officers, pursuant to the Local Government (Scotland) Act 1973. The Scheme is intended to facilitate the efficient conduct of Council business by clearly setting out the nature and extent of the powers delegated to officers by the Council.
- 1.2 The powers delegated to officers in terms of this Scheme are subject to change by act of Council in accordance with the Standing Orders of the Council.
- 1.3 The Local Government (Scotland) Act 1973 requires the Council to maintain a list specifying those powers which are exercisable by officers, and stating the title of the officer who exercises that power. The lists of powers are set out in this Scheme.
- 1.4 In this Scheme:
- (a) a reference to "**Executive Director**" means any of the Executive Directors of the Council or the Chief Officer - Edinburgh Health and Social Care Partnership (and "**Executive Directors**" shall be interpreted accordingly);
 - (b) a reference to a statute or statutory provision:
 - (i) is a reference to it as amended, extended or re-enacted from time to time; and
 - (ii) shall include all subordinate legislation made from time to time under that statute or statutory provision;
 - (c) any reference to this Scheme shall include the appendices to the Scheme ("**Appendices**" and each an "**Appendix**");
 - (d) a reference to "**Council Policies**" shall include all and any policies approved by the Council from time to time (and "**Council Policy**" shall be interpreted accordingly);
 - (e) references to paragraphs are to paragraphs of this Scheme; and

- (f) headings are for convenience, do not form part of this Scheme and shall not be used in its interpretation.

Principles of delegation

- 1.5 Officers to whom power is delegated in terms of this Scheme must exercise their powers in accordance with the following principles:
 - (a) the decision or action must not be a matter ("**Reserved Matter**"):
 - (i) reserved by law to the Council or a Committee or sub-committee of the Council ("**Committee**"); or
 - (ii) that the Council or a Committee has expressly determined should be discharged otherwise than by an officer;
 - (b) the decision or action must not alter or be contrary to law or to policy set by the Council and its Committees;
 - (c) the decision or action must be taken in accordance with the Council's Standing Orders as amended from time to time;
 - (d) the decision or action must be taken in accordance with the Financial Regulations and Corporate Debt Policy as amended from time to time and comply with the financial limits set out in those documents;
 - (e) the financial consequences of the decision or action must be contained within the budget approved by Council for the financial year in question;
 - (f) the decision or action must not give rise to a conflict of interest as set out in the Council's code of conduct for employees; and
 - (g) elected members must be appropriately consulted and, in particular, officers must comply with the provisions of paragraph 2 of this Scheme.
- 1.6 If there is a question or dispute on whether a decision taken or proposed to be taken by an officer contravenes the provisions of this Scheme, it will be decided by the Chief Executive in consultation with the Leader of the Council (or the deputy Leader if the Leader is absent).
- 1.7 Each Executive Director ~~and Head of Safer and Stronger Communities/CSWO~~ shall have authority to take all decisions or actions necessary to implement a policy approved by or a decision previously taken by

the Council or a Committee or which facilitate or are conducive to the implementation of such a policy or decision.

2. **CONSULTATION WITH ELECTED MEMBERS**

Politically controversial matters and material decisions

2.1 Where a decision or action proposed to be taken under delegated powers is likely to be regarded as politically controversial or is a decision ("**Material Decision**") that will have or is likely to have:

- (a) a significant effect on financial, reputational or operational risk; and/or
- (b) a significant impact on service delivery or performance;

the appropriate elected members will be consulted before any decision or action is taken. Appropriate elected members will include the relevant convener or vice-convener(s) and, where appropriate, the Leader and/or deputy Leader.

Local Members

2.2 Where a decision or action relates to a particular ward or wards (and not to the whole area of the Council) and is likely to directly affect the ward interests of a local member or members, those members will be consulted before any decision or action is taken (save in the case of matters of a routine or confidential nature).

Responsibility to inform

2.3 It is the responsibility of the Chief Executive, or relevant Executive Director ~~or Head of Safer and Stronger Communities/CSWO~~ to keep the elected members of the Council appropriately informed about activity arising within the scope of the delegated authority under this Scheme.

Reports

2.4 The Council or any Committee may require the Chief Executive or Executive Directors ~~or Head of Safer and Stronger Communities/CSWO~~ to submit reports on the decisions taken and action authorised by them under delegated authority. The Chief Executive or relevant Executive Director shall submit a report in relation to any Material Decision to Council or the appropriate Committee.

3. **DELEGATION**

Delegated authority

- 3.1 The Council delegates authority for certain powers or functions to the Chief Executive, Executive Directors and heads of service as detailed in this Scheme.
- 3.2 In the event that the Chief Executive, Executive Director ~~or Head of Safer and Stronger Communities/CSWO~~ is unavailable, his/her deputy or the head of the relevant service will have delegated authority to take urgent decisions in the absence of the Chief Executive or Executive Director.
- 3.3 The Chief Executive ~~or~~ Executive Directors ~~or Head of Safer and Stronger Communities/CSWO~~ may sub-delegate their delegated powers to their deputy or head(s) of service or such other officer(s) in their service area as they may consider appropriate. Each officer to whom powers are delegated may sub-delegate to such other officers in their service area as they may consider appropriate. This will be in each case the officer of an appropriate level of seniority who is most closely involved with the matter in question. The Chief Executive and Executive Directors will remain accountable for decisions taken by their sub-delegates.
- 3.4 Sub-delegation of functions by any officer to another officer in accordance with this Scheme will not prevent the officer from whom the authority is being delegated from also discharging those functions.
- 3.5 Where authority has been sub-delegated by one officer to another in accordance with this Scheme, such authority can be revoked at any time without prejudice to any previous decisions made under that authority.
- 3.6 Certain functions ("**Statutory Functions**") must, by law, be carried out by certain statutory officers. The Council delegates authority to those statutory officers ("**Statutory Officers**") to carry out the Statutory Functions. A list of the Statutory Functions and the Statutory Officers can be found in Appendix 8.
- 3.7 The authority delegated to the Chief Executive and Executive Directors in terms of this Scheme shall not include any Statutory Function, which shall be exercised by the appropriate Statutory Officer.
- 3.8 Legislation requires that certain functions be exercised by a "**proper officer**". This Scheme sets out Council officers who are designated as proper officers in relation to particular functions. An officer who is designated as a proper officer by this Scheme may also designate in writing other officer(s) in his or her service

area to exercise his or her functions as proper officer. Such designation can be revoked at any time by the designating officer without prejudice to any previous actions taken under that designation. Designated proper officers are set out in paragraph 5 of Appendix 1, paragraph 21 of Appendix 7 and in Appendix 9.

- 3.9 Appropriate records must be kept of any sub-delegations of powers made under the Scheme.

Material Decisions

- 3.10 Notwithstanding the terms of any delegation of authority to Executive Directors or other officers in terms of this Scheme, all Material Decisions shall be taken in consultation with the Corporate Leadership Team ("**CLT**"). It is intended that this will engender greater transparency; foster a collegiate culture of collective decision-making among chief officers; and ensure proper corporate oversight, scrutiny and challenge of Material Decisions.

- 3.11 It is the responsibility of each Executive Director, ~~Head of Safer and Stronger Communities/CSWO~~ or other officer to whom powers are delegated to consider whether a decision or action in relation to a matter delegated to him/her is a Material Decision and in the case of an officer other than an Executive Director, to bring it to the attention of the relevant Executive Director ~~or Head of Safer and Stronger Communities/CSWO~~. The relevant Executive Director ~~or Head of Safer and Stronger Communities/CSWO~~ will bring any Material Decision to the next available meeting of the CLT.

- 3.12 In the case of any Material Decision that relates to a Statutory Function, the provisions of paragraphs 2.1 and 3.12 of this Scheme shall be without prejudice to the legal duties and responsibilities of the relevant Statutory Officer.

- 3.13 The provisions of paragraph 3.12 of this Scheme shall be without prejudice to the principles of delegation set out in paragraph 1.5 of this Scheme and the requirement to consult with elected members set out in paragraph 2.1 of this Scheme.

Major Projects

3.14 The following projects (“**Major Projects**”) shall be dealt with as set out in paragraph 3.15 of this Scheme:

- (a) any project which has an estimated value of £5 million or more; or
- (b) any other corporate project the Chief Executive shall, in consultation with the CLT and the Convener or vice-Convener of the Finance and Resources Committee, so designate.

(c) Does not include projects involving the Lothian Pension Funds.

3.15 In order to ensure effective governance and delivery of Major Projects, the Head of Strategy ~~and Insight~~ and Communications will make arrangements to:

- (a) oversee all Major Projects to ensure they are initiated appropriately, and independently assess elements of the Major Projects including:
 - (i) options appraisal;
 - (ii) affordability;
 - (iii) implementation;
 - (iv) resource planning;
 - (v) sustainability;
 - (vi) equalities;
 - (vii) environmental impact; and
 - (viii) stakeholder engagement;
- (b) provide ongoing support to Major Projects through key stage or gateway reviews, management dashboard reporting, post completion reviews and tracking benefits realisation; and
- (c) update the CLT and the Finance and Resources Committee on the status and progress of Major Projects.

Contracts Standing Orders

- 3.16 Any officer to whom relevant authority is delegated in terms of this Scheme must comply with the terms of the standing orders and have regard to the Council's procurement handbook which apply to all contracts made by or on behalf of the Council for the procurement of the execution of works, the supply of goods and materials to the Council and/or for the provision of services ("**Contract Standing Orders**").

4. DELEGATION TO CHIEF EXECUTIVE

- 4.1 ~~As the Council's Statutory Head of Paid Service head of paid service~~ the Chief Executive has overall responsibility for the corporate management and operational functions of the Council that are delegated to officers under this Scheme. The Chief Executive is authorised to discharge any function or exercise any power delegated to any officer under this Scheme.

- 4.2 In addition, the Council authorises the Chief Executive to:

- (a) take action to ensure that the Council's responsibilities and duties under the Civil Contingencies Act 2004 and other emergency planning, business continuity and resilience legislation are discharged;
- (b) take any urgent action necessary in the event of a civil emergency, business continuity or resilience incident;
- (c) act as Returning Officer for local government elections, Westminster elections, Scottish Parliament elections, European elections and Business Improvement District elections under sections 25 and 41 of the Representation of the People Act 1983;
- (d) act as Counting Officer for referendums held in terms of the Political Parties, Elections and Referendums Act 2000;

- (e) perform the Council's functions under the Regulation of Investigatory Powers (Scotland) Act 2000 and the Regulation of Investigatory Powers Act 2000 in accordance with Council policy, including:
 - (i) appointing authorising officers;
 - (ii) authorising directed surveillance or the use of a covert human intelligence source which involves the likelihood of obtaining confidential information; and
 - (iii) authorising the use of covert human intelligence sources in relation to juveniles or vulnerable adults;
- (f) monitor the Council's compliance with information compliance legislation, including the Freedom of Information (Scotland) Act 2002, Environmental Information (Scotland) Regulations 2004, INSPIRE (Scotland) Regulations 2009 and the General Data Protection Regulation 2016/679;
- (g) monitor the management of Council records in line with the provisions of the Public Records (Scotland) Act 2011;
- (h) approve expenditure on civic hospitality in accordance with Council Policy;
- ~~(i) supervise and manage offenders subject to community orders or released from prison (or in similar circumstances) including:
 - ~~(i) reports for courts and hearings (excluding children);~~
 - ~~(ii) probation orders;~~
 - ~~(iii) community payback orders;~~
 - ~~(iv) community service;~~
 - ~~(v) supervised attendance orders;~~
 - ~~(vi) drug treatment and testing orders;~~
 - ~~(vii) orders under section 57 of the Criminal Procedure (Scotland) Act 1995;~~
 - ~~(viii) diversion from prosecutions;~~
 - ~~(ix) parole, or other supervised conditional release from prison;~~~~

~~(x) provision of advice, guidance and assistance if requested by a person released from prison or detention within the previous 12 months; and~~

~~(xi) throughcare services for serving and released prisoners;~~

~~(j) provide advice, guidance and assistance to a person who is arrested and detained in police custody, or on whom sentence is deferred in terms of section 27ZA of the Social Work (Scotland) Act 1968; and~~

~~(k) take steps to ensure the Council complies with its duties to co-operate with the Scottish Minister when carrying out its functions in accordance with sections 1 and 10 to 12 of the Management of Offenders etc. (Scotland) Act 2005.~~

5. **DELEGATION TO THE CHIEF EXECUTIVE AND ALL EXECUTIVE DIRECTORS**

5.1 Subject to the provisions of paragraphs 1 to 3 of this Scheme, the Chief Executive, each Executive Director and ~~Head of Safer and Stronger Communities/CSWO~~ shall have delegated authority to manage all human, financial and other resources within his/her service area, including those functions set out in Appendix 1.

6. **DELEGATION TO EXECUTIVE DIRECTOR OF COMMUNITIES AND FAMILIES**

6.1 Subject to the provisions of paragraphs 1 to 3 of this Scheme, the Executive Director of Communities and Families, or the Chief Social Work Officer, or the Chief Education Officer where relevant, shall have delegated authority to exercise the schools, early years, children's social work services, childcare, community services, libraries and sport functions including those set out in Appendix 2.

7. DELEGATION TO EXECUTIVE DIRECTOR OF RESOURCES

7.1 Subject to the provisions of paragraphs 1 to 3 of this Scheme, the Executive Director of Resources shall have delegated authority to carry out all financial, commercial and procurement, treasury management, investment and pensions, organisational development, human resources, recruitment, payroll, learning and development, customer services, business support, banking and payments, welfare reform and benefits administration, ICT/digital services, legal, risk management, health and safety, internal audit, operational estate and investment corporate property, strategic asset management, catering, facilities management, cleaning, catering, security and the Edinburgh shared repairs functions of the Council, including those set out in Appendix 3.

8. DELEGATION TO CHIEF OFFICER - EDINBURGH HEALTH AND SOCIAL CARE PARTNERSHIP

8.1 Subject to the provisions of paragraphs 1 to 3 of this Scheme, the Chief Officer - Edinburgh Health and Social Care Partnership, or the Chief Social Work Officer where relevant, shall have delegated authority to exercise the social work, social care and social welfare functions of the Council including those set out in Appendix 4, except to the extent that those functions are delegated by Council to the Integration Joint Board.

9. DELEGATION TO EXECUTIVE DIRECTOR OF PLACE

9.1 Subject to the provisions of paragraphs 1 to 3 of this Scheme, the Executive Director of Place shall have delegated authority to carry out all powers and responsibilities associated with the Council's housing and regeneration, housing support, community safety, environmental health, scientific services, trading standards, licensing, registration, advice services, parks, waste management and disposal, street cleaning, grounds maintenance, economic development, sustainability, public safety, culture, corporate fleet management and maintenance, community transport, building standards, transport planning, roads management and maintenance, flood prevention, reservoir and coastal functions including those set out in Appendix 5.

~~**10. DELEGATION TO HEAD OF SAFER AND STRONGER COMMUNITIES / CHIEF SOCIAL WORK OFFICER**~~

~~10.1 Subject to the provisions of paragraph 1 to 3 of this Scheme, the Head of Safer and Stronger Communities / Chief Social Work Officer shall have delegated authority to carry out all the powers and responsibilities associated with the~~

~~Council's criminal justice social work, homelessness, temporary accommodation, housing support, community safety, advice services and family and household support.~~

~~11.10.~~ **DELEGATION TO CHIEF PLANNING OFFICER**

~~11.10.1~~ Subject to the provisions of paragraphs 1 to 3 of this Scheme, the Chief Planning Officer shall have delegated authority to exercise the planning functions set out in Appendix ~~76~~.

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APPENDIX 1

GENERAL DELEGATION TO CHIEF EXECUTIVE AND EXECUTIVE DIRECTORS AND CHIEF SOCIAL WORK OFFICER

These are the functions referred to in paragraph 5 of the Scheme:

Funds, contracts and property

1. spending money and managing their budgets in accordance with Council approved resource allocations and with the Financial Regulations;
2. subject to any policies and/or directions issued by the Executive Director of Resources:
 - (a) transferring funds between headings within their approved revenue budgets;
 - (b) transferring funds between capital projects included in the capital budgets for their service;provided that (1) the Executive Director of Resources is informed of the transfer and (2) the transfer does not affect revenue or capital budgets for future years;
3. entering into, terminating, varying, suspending or extending contracts subject to compliance with the Council's Contract Standing Orders;
4. declaring property or land surplus to requirements, including one-off blocks of flats and main door properties;

Proper officers

5. acting as proper officer in terms of any provisions of the Local Government (Scotland) Act 1973, the Requirements of Writing (Scotland) Act 1995 and generally any local government legislation and signing all deeds and other documents which require to be sealed with the Common Seal of the Council or are binding on the Council;

Legal

6. settling legal actions and claims in consultation with the Head of Legal and Risk;

7. initiating, entering into, defending and withdrawing from legal proceedings in consultation with the Head of Legal and Risk;

Staff

8. appointing employees within agreed staffing levels up to but excluding Heads of Service;
9. appointing an acting ~~H~~head of ~~S~~Service from the staff of the Council when a ~~H~~head of ~~S~~Service is absent or the post is vacant;
10. conducting disciplinary and grievance proceedings for employees in accordance with the Council's approved policy and procedures;
11. authorising staff attendance at training courses, conferences, seminars and other developmental activities, in accordance with Council's approved policy and procedures;
12. changing staffing structures, numbers and gradings in accordance with approved job evaluation arrangements, with the exception of major staffing reviews, provided that such changes comply with guidelines issued by the Executive Director of Resources;
13. remedying inconsistencies in pay or terms and conditions of service in conjunction with the Executive Director of Resources;
14. deciding the following ~~personnel-staffing~~ matters in accordance with approved Council policy, procedures schemes—and/or —guidance issued by the Executive Director of Resources (or, in the case of teaching staff, by the Executive Director of Communities and Families):
 - (a) approval of paid or unpaid leave for special circumstances, secondment, or leave to work or visit abroad;
 - (b) entering into compromise or settlement agreements with staff in relation to their employment with the Council in consultation with the Head of Legal and Risk, and subject also to consultation with the appropriate convener;
 - (c) save in the case of an Executive Director, where the decision shall be reserved to the Finance and Resources Committee, making decisions in relation to the Local Government Pension Scheme membership (including, for example, early

payment of pensions, late transfers, late applications to pay optional pensions contributions, augmented membership, additional pensions, and fraud/forfeiture cases);

- (d) extension of [sickness-occupational sick pay](#) allowance;
- (e) [approval of payroll deductions and the recovery of maternity payoverpayments](#);
- (f) closure of buildings in emergency or exceptional circumstances and early closure during the festive season;
- (g) approval of application for car loans in consultation with the Executive Director of Resources;
- (h) approval of transfer of annual leave;
- (i) approval of overtime [or additional hours of work](#);
- (j) approval of applications for secondary employment;
- (k) authorisation of payments for lectures, speeches etc. to external organisations;
- (l) determination of claims of up to £250 for damage to or loss of the personal property of employees in consultation with the Executive Director of Resources;
- (m) payment of removal expenses and allowances;
- (n) payment of car users' allowances;
- (o) authorisation of telephone allowances;
- (p) placement of employees on appointment on a point within a grade or grades applicable to the posts;
- (q) establishment and filling of fixed term posts in accordance with the relevant Council Policy; and
- (r) appointment of apprentices on completion of indentures;

Health and Safety

15. implementing the Council's Health and Safety Policy and arrangements;

~~Staff Health and Wellbeing~~

16. implementing the Council's ~~Health and Wellbeing Strategy and P Policy~~ Health and Wellbeing Strategy and for staff and associated arrangements;

Use of land and buildings

17. approving, subject to compliance with any approved scheme of charges, the use by appropriate organisations, bodies or persons of land and premises owned, occupied or managed by the Council (including land managed on behalf of the Common Good);
18. regulating access to, and conduct of persons on property owned, occupied or managed by the Council, including (1) eviction, ejection and expulsion from property and (2) the application and enforcement of management rules under sections 112 and 116 of the Civic Government (Scotland) Act 1982 as approved by the Council from time to time;
19. approving the temporary closure of property owned, occupied or managed by the Council to:
 - (a) ensure the safety of Council staff or members of the public;
 - or
 - (b) undertake essential planned maintenance,

subject to consultation with the appropriate convener or vice-convener and local elected members and insertion of a public notice in the press informing the public of the closure when relevant;

Regulation of investigatory powers

20. performing the Council's functions under the Regulation of Investigatory Powers (Scotland) Act 2000 and the Regulation of Investigatory Powers Act 2000 in accordance with Council policy, with the exception in the case of the Executive Directors of the following functions which are reserved to the Chief Executive:

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- a) appointing authorising officers;
- b) authorising directed surveillance or the use of a covert human intelligence source which involves the likelihood of obtaining 'confidential' information; and
- c) authorising the use of covert human intelligence sources in relation to juveniles or vulnerable adults.

Grants

- 21. The approval of grants should be undertaken in line with the rules and authority level set out in Grant Standing Orders (officer approval for grants under £25000).

Hospitality

- 22. approving expenditure on hospitality in accordance with Council Policy;
- 23. approving expenditure on overseas visits by officers in accordance with Council Policy;

Write off

24. writing off or disposing of any stores, plant, furniture, equipment, or any other tangible or monetary asset not falling within the scope of the Corporate Debt policy in accordance with the Financial Regulations provided that:

(a) the stores, plant, furniture, equipment or such asset has become unfit for use and unsaleable, or in the case of relevant monetary assets, all reasonable steps to achieve recovery have been exhausted; and

(b) the decision is made in consultation with the Executive Director of Resources;

Access to information

25. responding to requests for information made to the Council under the Freedom of Information (Scotland) Act 2002; Environmental Information (Scotland) Regulations 2004; INSPIRE (Scotland) Regulations 2009 and the Data Protection Act 1998;

Consultations

26. responding to consultations from external bodies seeking the input of the Council to the extent necessary to provide any technical, scientific, or other factual information, or professional opinion or analysis of an operational nature;

Grant offers

27. applying for grant funding on behalf of the Council;

28. accepting offers of grant funding on behalf of the Council; and

Council Companies

29. monitoring the performance of each Council company delivering services in his or her service area, including the attendance of a nominated Council observer at all company Board meetings and, where practicable, the relevant Audit Committee.

APPENDIX 2

**DELEGATION TO THE EXECUTIVE DIRECTOR OF COMMUNITIES AND
FAMILIES**

*(or, where applicable, the Chief Social Work Officer
or Chief Education Officer)*

These are the powers referred to in paragraph 6 of the Scheme:

Education

1. taking steps to discharge the duty of the Council, as education authority, to secure adequate and efficient provision of school education (including pre-school education) and further education in accordance with section 1 of the Education (Scotland) Act 1980, and in doing so (1) having regard to the duty to ensure that education is directed to the development of the personality, talents and mental and physical abilities of children and young people (section 2 of the Standard in Scotland's Schools etc. Act 2000) and (2) endeavouring to ensure that schools managed by them promote the physical, social, mental and emotional health and well-being of pupils (section 2A of the Standard in Scotland's Schools etc. Act 2000);
2. maintaining and equipping schools and other buildings (section 17 of the Education (Scotland) Act 1980);
3. improving the access to premises for the safety of pupils (section 18 of the Education (Scotland) Act 1980);
4. operating arrangements for pupils from outside the Council's area (sections 23 and 24 of the Education (Scotland) Act 1980);
5. setting school commencement dates for primary schools (section 32 of the Education (Scotland) Act 1980);
6. managing placing requests including publishing of information on arrangements in accordance with the provisions of section 28A, and representing the Council at any placing appeal committee in accordance with section 28F, both of the Education (Scotland) Act 1980;

7. enforcing attendance at school, including bringing proceedings against parents in respect of children’s non-attendance (sections 36, 37, 38, 39 and 43(2) of the Education (Scotland) Act 1980);
8. allowing pupils to miss school (section 34 of the Education (Scotland) Act 1980);
9. excluding pupils from school (Regulation 4 of the Schools (General) Scotland Regulations 1975);
10. promoting the involvement of the parents of pupils in attendance at schools in the education provided to those pupils (section 1 of the Scottish Schools (Parental Involvement) Act 2006);
11. awarding bursaries (section 49 of the Education (Scotland) Act 1980);
12. providing transport for pupils and students (section 51 of the Education (Scotland) Act 1980);
13. ensuring copies of education records are available including the ability to set charges (section 4 of the Education (Disability Strategies and Pupils’ Educational Records) (Scotland) Act 2002);
14. awarding Education Maintenance Allowances (section 73(f) of the Education (Scotland) Act 1980);
15. providing school meals (section 53 of the Education (Scotland) Act 1980);
16. providing clothing (section 54 of the Education (Scotland) Act 1980);
17. discharging the Council’s duties in relation to the employment of children (Children and Young Persons (Scotland) Act 1937);
18. licensing stage or theatrical performances by children (Children and Young Persons Act 1963);
19. providing child guidance services (section 4 of the Education (Scotland) Act 1980);
20. referring young people in medically unsuitable employment to the Employment Medical Advisory Service of the Department of Employment;

22. managing or instructing the Executive Director of Resources to lease out Council community centres, working with locally elected Management Committees;

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23. application of national circulars regarding service conditions of teaching staff. Where there is a choice of action, the circular will be sent to Committee;

24. providing programmes of adult education;

25. providing or arranging in-service training for staff;

26. providing the education authority's representatives on the recruitment panels for all Head Teachers,

27. providing work experience for pupils who are eligible (section 123 of the Education (Scotland) Act 1980);

28. operating health and safety checks on work-experience placements;

29. dealing with the use of educational premises for licensed functions;

30. managing the Education Arts Development Programme;

31. specifying the level of service and other relevant details for getting tenders for the School and Welfare Catering Services;

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32. negotiating variation orders for changes in the level of School and Welfare Catering services with the approved contractor within the contract price approved by the Council;

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33. making awards of up to £5,000 for distribution of Childcare Partnership funds;

34. approving joint working arrangements with other bodies;

35. liaising with the Scottish Government Education & Training Department;

36. carrying out the consultations processes required by the Schools (Consultation) (Scotland) Act 2010;

37. in consultation with the Chief Executive and with the Head of Legal and Risk, receiving notice of, representing the Council and responding to referrals by the Children’s Reporter to the Scottish Ministers under the Children’s Hearings (Scotland) Act 2011;
38. implementing the duties and powers set out in the Education (Additional Support for Learning) (Scotland) Act 2004;

Social Work

39. taking necessary steps to discharge the Council’s duties under the Social Work (Scotland) Act 1968, the Children (Scotland) Act 1995, the Social Care (Self-directed Support) (Scotland) Act 2013 and the Children and Young People (Scotland) Act 2014;
40. arranging for the protection of property of people who have gone into hospital or care as in section 48 of National Assistance Act 1948;
41. maintaining a Complaints Procedure and service as in section 5B of the Social Work (Scotland) Act 1968;
42. where the carer of a person over 18 years of age is a child under 18 years of age, assisting Health and Social Care staff to assess the carer’s needs and provide information about the assessment as in sections 12A, 12AA and 12AB of the Social Work (Scotland) Act 1968;
43. making direct payments to individuals to allow them to purchase community care services or if they are disabled, to assist them to care for their children under the Social Care (Self-directed Support) (Scotland) Act 2013;
44. making direct payments to 16 and 17 year olds with a disability and to parents of children under 18 with a disability to allow them to pay for children’s services under the Social Care (Self-directed Support) (Scotland) Act 2013;
45. burying or cremating any person who was in the care of, or receiving help from, the Council, immediately before their death as in section 28 of the Social Work (Scotland) Act 1968;
46. deciding whether to pay the expenses of parents, relatives etc. visiting people (including looked after children) who are being cared for or

- maintained in accommodation by the Council, or in attending funerals as in section 29 of the Social Work (Scotland) Act 1968;
47. providing and maintaining whatever residential and other establishments are needed for the Council's functions under Part II of the Children (Scotland) Act 1995;
48. recovering from other local authorities any costs for services provided to people ordinarily resident there under the Social Work (Scotland) Act 1968 as in section 86 of the Social Work (Scotland) Act 1968;
49. authorising the following finance related issues in accordance with the Corporate Debt Policy and wider Council Policies:
- (a) writing off debts on social grounds or in exceptional circumstances;
 - (b) reimbursing carers and substitute carers for loss or damage (*ex gratia*) of up to £500, subject to appropriate consultation with the convener or vice-convener;
 - (c) reimbursing staff for loss or damage (*ex gratia*) of up to £500;
 - (d) making payments to staff for emergency expenses (*ex gratia*) of up to £50; and
 - (e) reimbursing neighbours and/or relatives of departmental carers for damage caused by service users (*ex gratia*), where it would be in the interest of the Council to maintain goodwill, subject to appropriate consultation with the convener or vice-convener;
50. providing reports and information to the courts in private law proceedings as in section 11 of the Matrimonial Proceedings (Children) Act 1958 and section 11 of the Children (Scotland) Act 1995;
51. assessing and recovering contributions for "maintainable" children looked after by the Council as in sections 78 to 82 of the Social Work (Scotland) Act 1968;

52. where there is an assessed need, paying allowances to people who have children and young people residing with them as in section 50 of the Children Act 1975;
53. providing an adoption service in accordance with section 1 of the Adoption and Children (Scotland) Act 2007;
54. supervising and providing reports to the court in respect of non-agency adoptions as in sections 17 and 18 of the Adoption and Children (Scotland) Act 2007;
55. taking necessary or facilitative steps to implement arrangements for the adoption of children;
56. providing adoption support plans under section 45 of the Adoption and Children (Scotland) Act 2007;
57. approving and paying adoption allowances as in section 71 of the Adoption and Children (Scotland) Act 2007;
58. securing the welfare of all foster children, receiving and assessing notifications, inspecting premises, imposing requirements and removing children from unsuitable premises (sections 3, 5, 6, 8, 9, 10 and 12 of the Foster Children (Scotland) Act 1984);
59. preparing and publishing a plan for services to children under 8 years of age as in section 19 of the Children Act 1989;
60. preparing and publishing a three year plan for day care services to children in need as in section 19 of the Children (Scotland) Act 1995;
61. publishing information about services for children in need as in section 20 of the Children (Scotland) Act 1995;
62. safeguarding and promoting the welfare of children looked after by the Council and giving them the opportunity to fulfil their potential as in section 17 of the Children (Scotland) Act 1995;
63. safeguarding and promoting the welfare of children in need giving help “in kind or in cash” as in section 22 of the Children (Scotland) Act 1995;

64. minimising the effect of disability on children, assessing the needs of children with or affected by disability, assessing the ability of their carers to meet those needs and providing information assessment as in sections 23, 24, and 24A of the Children (Scotland) Act 1995 and the and the Social Care (Self-directed Support) (Scotland) Act 2013;
65. providing accommodation for children and young people when lost or abandoned or when no-one with parental responsibility can do it as in section 25 of the Children (Scotland) Act 1995;
66. providing accommodation for young people aged 18 to 21 years of age when to do so would safeguard and promote their welfare as in section 25 of the Children (Scotland) Act 1995;
67. providing accommodation and maintenance for children looked after by the Council as in section 26 of the Children (Scotland) Act 1995;
68. providing day care for pre-school and other children as in section 27 of the Children (Scotland) Act 1995;
69. providing after-care for children (under 21 years of age) who were previously looked after by a local authority as in section 29 of the Children (Scotland) Act 1995;
70. providing financial help towards maintaining, educating or training for young people who were looked after by the Council at the time of leaving school age as in section 30 of the Children (Scotland) Act 1995;
71. reviewing cases of children looked after by the Council as in section 31 of the Children (Scotland) Act 1995;
72. removing children from residential establishments as in section 32 of the Children (Scotland) Act 1995;
73. accepting responsibility for orders made in respect of children in other parts of the UK where the child is now ordinarily resident in Edinburgh as in section 33 of the Children (Scotland) Act 1995;
74. providing short term refuges where a child may be at risk of harm as in section 38 of the Children (Scotland) Act 1995;

75. making enquiries and providing information to the Principal Reporter to the Children’s Panel where children may need compulsory measures of care as in section 60 of the Children’s Hearings (Scotland) Act 2011;
76. where a child may be at risk of significant harm, investigating the matter and if need be applying for the following orders:
 - (a) Child Assessment Order (under section 35 of Children’s Hearings (Scotland) Act 2011);
 - (b) Child Protection Order (under sections 37 to 39 of Children’s Hearings (Scotland) Act 2011);
 - (c) Emergency Child Protection Order (under section 55 of Children’s Hearings (Scotland) Act 2011); and
 - (d) Exclusion Order (under sections 76 to 80 of the Children (Scotland) Act 1995);
77. providing reports on children and their social background for a Children’s Hearing as in section 66 of the Children’s Hearings (Scotland) Act 2011;
78. implementing supervision requirements made by a Children’s Hearing under the Children’s Hearings (Scotland) Act 2011;
79. in consultation with Chief Executive and with the Head of Legal and Risk, receiving, responding to and representing the Council in respect of all referrals by the Children’s Reporter to the Sheriff Principal under the Children’s Hearings (Scotland) Act 2011;
80. arranging the emergency move of a child subject to a supervision requirement with condition of residence under the Children’s Hearings (Scotland) Act 2011;
81. recommending that a supervision requirement is reviewed by a Children’s Hearing under the Children’s Hearings (Scotland) Act 2011;
82. where assessed as necessary, applying to a court for a Permanence Order, or Permanence Order with authority to adopt, under sections 80-83 of the Adoption and Children (Scotland) Act 2007;

83. applying for variation or revocation of permanence order when there has been a material change of circumstances under section 99 of the Adoption and Children (Scotland) Act 2007;
84. providing information to the Courts and arranging accommodation for the detention of children being prosecuted for, or convicted of criminal offences as in sections 42, 43, 44, and 51 of the Criminal Procedure (Scotland) Act 1995;
85. making purchases, outside the central purchasing arrangements, for necessary food, clothing and other essential items for children in care of the Council and living within the Council’s residential establishments for young people;
86. discharging the Council’s duties in relation to children and young people under the Secure Accommodation (Scotland) Regulations 2013;
87. undertaking all activities, powers and duties as the appropriate local authority to do with Parental Orders as provided for in section 13 and in Part 9 of the Antisocial Behaviour etc (Scotland) Act 2004 including:
 - (a) applying for the making of an order or review of an order;
 - (b) supervising parents who are subject to an order and reporting breaches to the relevant court; and
 - (c) providing services and programmes of work or training for parents and generally giving effect to parenting orders.

88. Carrying out the Council’s duties as a landlord under section 30 of the Housing (Scotland) Act 1988.

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89. Carrying out assessment to determine homelessness or the threat of homelessness and discharging the Council’s duties in respect of those assessed as either being homeless or under threat of homelessness.

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90. Carrying out spot purchases of accommodation, including bed and breakfast for homeless temporary accommodation or emergency accommodation.

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91. Entering into leasing agreements with registered social landlords for homeless, temporary or emergency accommodation.

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92. Carrying out repairs to white goods and furnishings in homeless, temporary or emergency accommodation and core furnished tenancies.

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93. Kennelling pets for households staying in homeless, temporary or emergency accommodation.

94. Determine who receives housing support in line with Council policies.

95. Provide advice, guidance and assistance on debt, welfare rights and income maximisation.

96. undertaking housing offender management (sex and serious violent offenders);

97. supervise and manage offenders subject to community orders or released from prison (or in similar circumstances) including:

(i) reports for courts and hearings (excluding children);

(ii) probation orders;

(iii) community payback orders;

(iv) community service;

(v) supervised attendance orders;

(vi) drug treatment and testing orders;

(vii) orders under section 57 of the Criminal Procedure (Scotland) Act;

(viii) diversion from prosecutions;

(ix) parole, or other supervised conditional release from prison;

(x) provision of advice, guidance and assistance if requested by a person released from prison or detention within the previous 12 months; and

(xi) throughcare services for serving and released prisoners;

98. supervise and manage offenders subject to community orders or released from prison (or in similar circumstances) including:

99. take steps to ensure the Council complies with its duties to co-operate with the Scottish Minister, when carrying out its functions, in accordance with sections 1, and 10, to 12, of the Management of Offenders etc. (Scotland) Act 2005.

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Sport

88100. devising and implementing events and sports programmes;

89101. allocating space within sports facilities to relevant partners and agreeing the terms of any such arrangements, taking advice as

Appendix 2 – Delegation to the Executive Director of Communities and Families
necessary from other service areas, and bringing those arrangements
to conclusions as required;

~~91~~102. monitoring arms' length organisations which operate Sport facilities
or services, or both, on the Council's behalf, including Edinburgh
Leisure;

Libraries

~~92~~103. providing and managing the Council's library services;

~~93~~104. requiring any person to whom any article (other than a book or
periodical) is lent to deposit with the Council a sum of money for
the safe return of such article (section 6 of the City of Edinburgh
District Council Order Confirmation Act 1991);

~~94~~105. making a charge for notifying a person that an article reserved by
him has become available for borrowing (section 6 of the City of
Edinburgh District Council Order Confirmation Act 1991);

~~95~~106. charging for the borrowing of any article (other than a book or
periodical) or the provision of any service provided at libraries
(section 6 of the City of Edinburgh District Council Order
Confirmation Act 1991); and

~~96~~107. prescribing periods within which any article borrowed from a library
must be returned, and exacting penalties for the retention by
borrowers of any article beyond such period (section 39(1)(a) of
the Edinburgh Corporation Order Confirmation Act 1967).

APPENDIX 3

DELEGATION TO THE EXECUTIVE DIRECTOR OF RESOURCES

These are the powers referred to in paragraph 7 of the Scheme:

Legal and Risk

1. signing court documents;
2. signing missives, other holograph conveyancing documents and notices and orders relating to compulsory purchase orders;
3. engaging private legal firms, counsel, sheriff officers, patent agents and parliamentary agents as appropriate;

Human Resources

4. approving applications for early retiral/voluntary severance payments (including teaching staff) subject to an annual report being submitted to [Council the Finance and Resources Committee](#);
 5. issuing certificates as required for employees to apply to the adjudicator for exemption from political restriction;
 6. approving all new career development/salary progression schemes and changes to existing schemes;
- [730.](#) implementing nationally agreed pay awards;
- [318.](#) approving and making payment of:
- (a) all [elements of pay, remuneration and expenses](#) ~~salaries, wages, compensations and other emoluments~~ to all employees;
 - (b) pension entitlements to former employees; and

- (c) tax, national insurance and apprenticeship levy contributions to Her Majesty's Revenue and Customs;

Finance

7. determining all accounting and financial records and procedures of the Council. Where such procedures and records are maintained in a ~~service area~~ directorate/division other than that of the Executive Director of Resources, the Executive Director shall, before making any determination, consult with the Executive Director of the service area concerned;
8. performing any function on behalf of the Common Good Fund, charitable endowments and any other Council funds which would reasonably be deemed to be investment business provided that the Executive Director takes the appropriate advice where necessary and reports any actions to Committee;
9. opening, closing and operating bank accounts on behalf of the Council;
10. approving and making payments due to Her Majesty's Revenue and Customs, and Revenue Scotland;
11. reviewing and amending as appropriate the financial limits given in the Financial Regulations, Finance Rules and supporting policies every year, in line with the relevant inflation indexes;
12. the pooling and treasury management of all surplus funds under the Council's administration and all executive decisions on the approved treasury management activities subject to compliance with CIPFA's "Code of Practice for Treasury Management in the Public Services" and other relevant professional guidance;
13. all borrowing and lending in accordance with the Treasury Management Policy Statement;
14. providing cash advances as considered appropriate for officers of the Council to defray petty cash, other expenses and any other matters on the administration of imprest accounts;
15. assessing business cases for the taking out of new leases to ensure they are consistent with the securing of best value;

Appendix 3 – Delegation to the Executive Director of Resources

16. effecting insurance cover and negotiating with the Council's insurers for all claims in consultation with other officers where necessary;
17. reviewing annually all insurances in consultation with the other chief officers as appropriate and reporting annually to the convener or vice-convener;
18. approving the rate of interest the Council is required to charge to borrowers with variable interest rate loans;
19. being responsible for all purchasing arrangements as detailed in the Contract Standing Orders;
20. collecting and where necessary recovering debt, and where appropriate authorising the write-off of debt, in accordance with Council Policies;

Customer ~~Services~~ and Digital Services

21. collecting (and where necessary recovering) council tax as set by the Council in accordance with section 97(1) and Schedules 2 and 8 of the Local Government Finance Act 1992 and the provisions of the Council Tax (Administration and Enforcement) (Scotland) Regulations 1992;
22. issuing demand notices for the collection of rates payable to the Council under section 237 of the Local Government (Scotland) Act 1947;
23. recovering rates under section 247(5) of the Local Government (Scotland) Act 1947, where necessary in consultation with the convener or vice-convener;
24. administering benefits in accordance with the Social Security Contributions and Benefits Act 1992 and the Social Security Administration Act 1992;
25. administering council tax reduction scheme in accordance with the Council Tax Reduction (Scotland) Regulations 2012;
26. paying all sums to all creditors subject to the certification and authorisation of the appropriate chief officers;
27. signing the certificates and petitions that the Sheriff Court requires for Summary Warrant applications to collect arrears of Community Charge Non-Domestic Rates, Council Tax and other income;
28. deciding to call-up loans where borrowers have fallen into arrears with

Appendix 3 – Delegation to the Executive Director of Resources
their house purchase loans;

29. establishing procedures for considering, authorising and making discretionary housing payments and for the consideration by officers, other than the original decision makers, of appeals against decisions on such applications;

Investment and Pensions**The Lothian Pension Fund Group**

30. implementing strategies and policies agreed by the Pensions Committee including the investment strategy of the pensions funds and performing any function on behalf of the pensions funds which would reasonably be deemed to be investment business provided that the Executive Director takes the appropriate advice;
31. implementing pension regulations including the application of discretions as required in accordance with policies approved by the Pensions Committee from time to time;
32. appointing, monitoring and reviewing such specialist managers and advisers as are necessary to make sure that the pensions funds' assets are managed effectively;
33. determining all accounting, records and financial procedures of the pension funds;
34. writing off pension overpayments of up to £3,000 subject to compliance with the appropriate Council Policies;

Property and Facilities Management

35. concluding leases, missives of let, licence agreements or extensions of leases and licence agreements or similar on behalf of the Council where:
 - (a) the length of the lease/missive/agreement is no more than five years and the rent (exclusive of VAT) is no more than £50,000 a year; or
 - (b) the length of the lease/agreement is no more than one month;

- save where any lease offer which includes an element of community benefit as set out in Council Policy is received, when the decision shall be referred to Committee;
36. negotiating, processing and instructing the Head of Legal and Risk to conclude all rent reviews;
 37. taking any action to ensure all terms of a lease or licence agreement are enforced, including terminating any lease or agreement and taking whatever action is necessary to effect an eviction where the tenant or licensee has failed to comply with the terms and conditions of the lease or agreement;
 38. granting on behalf of the Council 'wayleave' agreements, and concluding missives and leases for sites for sub-stations, gas governors and similar installations for any period whatsoever, with the exception of:
 - (a) wayleaves for gas mains of a diameter greater than 225 mm;
 - (b) grids, oil or chemical pipelines; and
 - (c) overhead transmission lines with a capacity greater than 33,000 voltswhich would only be granted with the Council's consent;
 39. granting and obtaining a Minute of Waiver for no more than £50,000;
 40. buying and selling property or property rights up to £50,000 when this is required to help in the acquisition or disposal of a more valuable property and the cost can be offset against the acquisition/disposal;
 41. permitting a tenant to assign their lease/agreement subject to the Council being in no worse a financial position;
 42. buying land or property provided that it has been specifically budgeted for;
 43. marketing surplus property for sale or lease and accepting the highest offer subject to being satisfied that this represents market value (if it is proposed that any offer other than the highest received be accepted, or when any offer includes an element of community benefit as set out

in Council Policy then the matter must be considered and approved by the Finance and Resources Committee);

44. agreeing terms for the sale of small plots of land (including land held on the Housing Revenue Account) and instructing the Head of Legal and Risk to conclude the sale, subject to being satisfied that this represents market value, and where:

- (a) the land is existing open space, for example amenity land, landscaping or verges adjoining roads and footpaths;
- (b) the land does not exceed 150 metres²; and
- (c) the use of the land would be for garden ground or for any other ancillary residential use;

45. negotiating and instructing the Head of Legal and Risk to conclude the sale of residential properties under "Right to Buy" legislation;

46. where property is held for commercial or economic development purposes doing the following :

- (a) negotiating to dispose of land or property at values up to £250,000;
- (b) negotiating the grant of "minutes of waiver";
- (c) signing all offers on behalf of the Council to let or take on lease properties where:
 - (i) the length of the lease is no more than five years and the exclusive rent is no more than £50,000 a year; or
 - (ii) the length of the lease is no more than one month;save where any lease offer which includes an element of community benefit as set out in Council Policy is received, when the decision shall be referred to Committee;
- (d) negotiating to renew or extend leases where it is uneconomic or unsuitable to advertise the properties;
- (e) agreeing to proposed transfers of leases where the Council is landlord, and instructing the Head of Legal and Risk to conclude these;

47. where property is held on behalf of the Common Good, doing the following:

- (a) negotiating the grant of "minutes of waiver" or wayleaves;

- (b) signing on behalf of the Council, as manager, to let properties
 - (c) negotiating to renew or extend leases where it is uneconomic or unsuitable to advertise these properties;
48. publishing notices of a proposed appropriation or disposal of land in accordance with sections 24(2A) and 27(2A) of the Town and Country (Scotland) Act 1959;
49. negotiating and settling all claims for compensation where property has been purchased by the Council under a compulsory purchase order or requires to be purchased for a scheme or project included within the Council's Capital Investment Programme or where there has been a loss in value of property relating to works carried out by the Council;

Edinburgh Shared Repairs Service

- 50. serving notices for repairs, enforcement, carrying out and recovery of costs and expenses in terms of Part 8 of the Civic Government (Scotland) Act 1982 and Part 4 of the Building (Scotland) Act 2003;
- 51. withdrawing, waiving and relaxing notices issued under Part 4 of the Building (Scotland) Act 2003;
- 52. recovering reasonable costs incurred in respect of surveys undertaken under section 22 of the Local Government in Scotland Act 2003
- 53. responding in emergency situations and carrying out repairs immediately where damage to property or health or safety matters are issues and recovering the costs and expenses of doing so;
- 54. inspecting properties, serving (as proper officer) and enforcing notices and recovering costs under section 24 of the Edinburgh District Council Order Confirmation Act 1991; and
- 55. executing any works necessary for securing, restoring or repairing privately owned properties, and recovery from the owners of the relevant properties of any expenses reasonably incurred by the Council in doing so, all in accordance with section 26 and 57 of the Edinburgh District Council Order Confirmation Act 1991.
- 56. cancelling and serving new notices under section 48 of the City of Edinburgh District Council Order Confirmation Act 1991;
- 57. make missing share payments into owners' maintenance accounts for sums between £500 and £20,000 under section 50 (3) of the Housing Act 2006.
- 58. recover missing share payments from the owner of the house concerned under section 59 of the Housing Scotland Act 2006 and in line with the Council's Corporate Debt Policy.

APPENDIX 4
DELEGATION TO THE CHIEF OFFICER - EDINBURGH HEALTH AND SOCIAL
CARE PARTNERSHIP

(or, where applicable, the Chief Social Work Officer)

These are the powers referred to in paragraph 8 of the Scheme:

All service users

1. Taking any necessary action on behalf of the Council to ensure that it discharges its duties under the National Assistance Acts, the Disabled Persons (Employment) Act 1958, the Social Work (Scotland) Act 1968, the Chronically Sick and Disabled Person's Act 1970, the Disabled Persons (Services, Consultation and Representation) Act 1986, the National Health Service and Community Care Act 1990, the Criminal Procedure (Scotland) Act 1995, the Adults with Incapacity (Scotland) Act 2000, the Housing (Scotland) Act 2001, the Curators ad litem and Reporting Officers (Panels) (Scotland) Regulations 2001, the Community Care and Health (Scotland) Act 2002, the Homelessness (Scotland) Act 2003, the Mental Health (Care and Treatment) (Scotland) Act 2003, the Adult Support and Protection (Scotland) Act 2007, the Public Services Reform (Scotland) Act 2010, the Social Care (Self-directed Support) (Scotland) Act 2013 or generally any legislation concerning the Council's functions relating to the provision of social care and support services;
2. arranging for the protection of property of people who have gone into hospital or care as in section 48 of the National Assistance Act 1948;
3. maintaining a Complaints Procedure and service as in section 5B of the Social Work (Scotland) Act 1968;
4. making direct payments to individuals to help them purchase community care services as in sections 12B and 12C of the Social Work (Scotland) Act 1968;
5. providing home help and laundry facilities as in section 14 of the Social Work (Scotland) Act 1968;

6. burying or cremating any person who was in the care of, or receiving help from, the Council and so on, immediately before their death as in section 28 of the Social Work (Scotland) Act 1968;
7. deciding whether to pay the expenses of parents, relatives etc. visiting people who are being cared for or maintained in accommodation by the Council, or in attending funerals as in section 29 of the Social Work (Scotland) Act 1968;
8. providing and maintaining whatever residential and other establishments are needed for the Council's functions under the Social Work (Scotland) Act 1968 and the Mental Health (Care and Treatment) (Scotland) Act 2003, in terms of section 59 of the Social Work (Scotland) Act 1968;
9. recovering from other local authorities any costs for services provided to adults ordinarily resident there under the Social Work (Scotland) Act 1968 as in section 86 of the Social Work (Scotland) Act 1968;
10. recovering charges for services provided under the Social Work (Scotland) Act 1968 as in section 87 of the Social Work (Scotland) Act 1968, but subject to directions or regulations under sections 1 to 6 of Community Care and Health (Scotland) Act 2002;
11. providing welfare services for people (including, for example, assistance in arranging the carrying out of any works of adaptation in homes);
12. providing information on Health and Social Care services for people to whom the section applies and any relevant services of other authorities or organisations as in section 9 of the Disabled Persons (Services, Consultation and Representation) Act 1986;
13. making arrangements for facilities for seriously disabled persons for sheltered employment and training as in section 3 of the Disabled Persons (Employment) Act 1958;
14. co-ordinating and overseeing applications for the registration of all services provided by the Council and all related matters as in sections 59, 62 to 75 and 83 to 89 of the Public Services Reform (Scotland) Act 2010;

15. administering the Panel or Panels appointed under the Curators ad litem and Reporting Officers (Panels) (Scotland) Regulations 2001, including arrangements for training of members of said Panel or Panels;
16. authorising the following finance related issues in accordance with the Financial Regulations and Council Policies:
 - (a) authorise the write-off of debts or charges in the following circumstances:
 - i. incorrect assessment brought to light at later date;
 - ii. where the service user has died and there is no money in the estate;
 - iii. where the service user cannot be traced;
 - iv. in the case of a service dispute where a complaint has been upheld; and
 - v. for social reasons;
 - (b) reimbursing carers and substitute carers for loss or damage (*ex gratia*) of up to £500;
 - (c) reimbursing staff for loss or damage (*ex gratia*) of up to £500;
 - (d) making payments to staff for emergency expenses (*ex gratia*) of up to £50; and
 - (e) reimbursing neighbours and relatives of departmental carers for loss or damage caused by service users (*ex gratia*) of up to £500, where it would be in the interest of the Council to maintain goodwill, subject to appropriate consultation with the relevant convener or vice-convener;

Community Care

17. taking any necessary action on behalf of the Council to ensure that it discharges its duties under the Adult Support and Protection (Scotland) Act 2007, including:
 - (a) making inquiries about a person's well-being, property or financial affairs if it is known or believed that the person is

- an adult at risk and that intervention might be needed to protect the person’s well-being, property or financial affairs (section 4);
 - (b) applying to the sheriff for an order which authorises a Council officer to take a specified person from a place being visited (sections 7 and 11);
 - (c) if recommended by the relevant medical officer, applying for an order to remove to suitable premises a person in need of care and attention (sections 14 to 18); and
 - (d) applying for a banning order (sections 19 to 34);
18. preparing and publishing a plan for providing community care services in Edinburgh as in section 5A of the Social Work (Scotland) Act 1968;
 19. promoting social welfare including giving help “in kind or in cash” where the terms of section 12 of the Social Work (Scotland) Act 1968 are met;
 20. safeguarding and promoting the welfare of children in need and giving help “in kind or in cash” as in section 22 of the Children (Scotland) Act 1995;
 21. collaborating with individuals and carers to assess their needs and providing information in accordance with sections 12A, 12AA and 12AB of the Social Work (Scotland) Act 1968;
 22. making arrangements with voluntary or other organisations for residential accommodation where nursing is provided for people who appear to need such accommodation as in section 13A of the Social Work (Scotland) Act 1968;
 23. approving rates for and contracts for delivery of residential and other services in circumstances where the politically approved pricing policy does not apply;
 24. assessing needs of disabled or chronically sick people as in section 4 of the Disabled Persons (Services, Consultation and Representation) Act 1986;

25. assisting persons in need in disposal of produce of their work as in section 13 of the Social Work (Scotland) Act 1968;
26. approving waivers or disregards in respect of determining a client's liability for contribution to social care and housing support services provided;
27. approving waivers and disregards in respect of determining a client's liability for contribution to care home (residential/nursing) costs;
28. approving the variation, suspension or termination of contracts with providers in line with the Council's Quality Assurance arrangements for health and social care services;
29. providing or securing the provision of care and support services including residential services for people who are, or have been, suffering from mental disorder as defined in section 25 of the Mental Health (Care and Treatment) (Scotland) Act 2003;
30. providing after-care services for people who are/have been, suffering from mental disorder as in section 26 of the Mental Health (Care and Treatment) (Scotland) Act 2003;
31. appointing Mental Health officers as in section 32 of the Mental Health (Care and Treatment) (Scotland) Act 2003, and supervising the discharge of their statutory responsibilities; and
32. discharging the Council's duties under the Adults with Incapacity (Scotland) Act 2000, including:
 - (a) the following duties within section 10:
 - i. supervising guardians;
 - ii. consulting the Public Guardian and Mental Welfare Commission on matters of common interests;
 - iii. receiving and investigating complaints about welfare attorneys and matters of common interests;

- iv. receiving and investigating complaints about welfare attorneys and guardians; and
- v. providing a guardian, welfare attorney or person authorised under an intervention order when requested; and

(b) the following duties within section 57:

- i. applying to be a guardian of an adult if there is no other suitable adult and managing the property, financial affairs and welfare of that adult in accordance with any order issued by the court in that regard; and
- ii. providing court reports of private applications to be a guardian.

33. Awarding and refusing grants in line with the decision of the Edinburgh integration Joint Board.

APPENDIX 5

DELEGATION TO THE EXECUTIVE DIRECTOR OF PLACE

These are the functions referred to in paragraph 9 of the Scheme:

Notices and Orders

1. signing notices and orders about road traffic matters;

Roads

2. overseeing the general management and maintenance of roads (section 1(1) of Roads (Scotland) Act 1984);
3. adding roads to or taking them off the roads authority's list of public roads (section 1(4) of the Roads (Scotland) Act 1984);
4. advising frontagers of the Council's intention to add to or delete from the list of public roads (section 1(5) of the Roads (Scotland) Act 1984);
5. altering or improving existing or proposed roads that cross public roads (section 12 of the Roads (Scotland) Act 1984);
6. serving notice on frontagers of a private road to make up and maintain that road (section 13(1) of the Roads (Scotland) Act 1984);
7. contributing to, or carrying out work on private roads (section 14(1) of the Roads (Scotland) Act 1984);
8. carrying out emergency work on private roads (section 15 of the Roads (Scotland) Act 1984);
9. determining applications for private roads to become public roads when Road Construction Consents are sought (section 16 of the Roads (Scotland) Act 1984);
10. entering into agreements to take over footpaths in accordance with section 18 of the Roads (Scotland) Act 1984;
11. constructing new roads other than special roads which are considered requisite (section 20(1) of the Roads (Scotland) Act 1984);
12. entering new roads constructed by the local roads authority into the list of public roads (section 20(2) of the Roads (Scotland) Act 1984);
13. granting all road construction applications (section 21 of the Roads (Scotland) Act 1984) except:
 - (a) where there are unresolved objections;
 - (b) when the application is recommended for refusal;and

- (c) when an applicant wishes to be heard by the Committee in connection with a conditional consent or refusal that has been recommended;
- 14. serving notices to conform to conditions imposed in a Road Construction Consent (section 21(5) of the Roads (Scotland) Act 1984);
- 15. stopping up or temporarily closing a new road where there is no construction consent or it is not conformed with (section 23 of the Roads (Scotland) Act 1984);
- 16. raising, lowering or altering the level of a public road (section 24 of the Roads (Scotland) Act 1984);
- 17. providing footways for the safety or convenience of pedestrians (section 25 of the Roads (Scotland) Act 1984);
- 18. constructing, lighting and maintaining pedestrian subways under, or footbridges over, the road for the purpose of making the crossing of a public road less dangerous for pedestrians or protecting traffic along the road from danger (section 26 of the Roads (Scotland) Act 1984);
- 19. constructing and maintaining works in the carriageway of a public road (section 27 of the Roads (Scotland) Act 1984);
- 20. providing and maintaining raised paving, pillars, walls, rails, fences or barriers at certain places (section 28 of the Roads (Scotland) Act 1984);
- 21. putting up and maintaining fences or posts to prevent access or to set the boundary for a road or proposed road (section 29 of the Roads (Scotland) Act 1984);
- 22. carrying out work to protect roads against hazards of nature (such as snow, flood or landslide) (section 30 of the Roads (Scotland) Act 1984);
- 23. using the road authority's powers for draining roads (section 31 of the Roads (Scotland) Act 1984);
- 24. contributing to the costs of drainage work (e.g. for flood prevention) (section 32 of the Roads (Scotland) Act 1984);
- 25. providing and maintaining snow gates for the purpose of temporarily closing a road to vehicular traffic on any occasions when snow is rendering or has rendered that road unsafe; and closing and securing any snow gate on the road against traffic (except traffic engaged in the provision or restoration of essential services) in accordance with the provisions set out in section 33 of the Roads (Scotland) Act 1984;
- 26. taking reasonable steps to prevent snow and ice endangering safe passage over public roads (section 34 of the Roads (Scotland) Act 1984);

27. providing and maintaining lighting on roads or proposed roads (section 35 of the Roads (Scotland) Act 1984);
28. constructing road humps (section 36 of the Roads (Scotland) Act 1984);
29. consulting on providing road humps (section 37 of the Roads (Scotland) Act 1984);
30. constructing traffic calming works (section 39A of the Roads (Scotland) Act 1984);
31. providing, maintaining and removing cattle-grids (sections 41, 42 and 43 of the Roads (Scotland) Act 1984);
32. entering into agreements with other neighbouring authorities in respect of cattle grids (section 44 of the Roads (Scotland) Act 1984);
33. providing cattle grids to supersede gates (section 45 of the Roads (Scotland) Act 1984);
34. making agreements for cattle grids with landowners (section 46 of the Roads (Scotland) Act 1984);
35. contributing towards the cost of cattle grids (section 47 of the Roads (Scotland) Act 1984);
36. entering into agreements with any persons willing to contribute to the construction or improvement of a road (section 48 of the Roads (Scotland) Act 1984);
37. maintaining structures and equipment for the detection of traffic offences (section 49A of the Roads (Scotland) Act 1984);
38. planting trees, shrubs, grass and other plants within the boundaries of a public road (section 50 of the Roads (Scotland) Act 1984);
39. allowing trees, shrubs, grass and other plants to be planted by people other than the roads authority (section 51 of the Roads (Scotland) Act 1984);
40. carrying out works to mitigate any adverse effect which the construction, improvement, existence or use of any road has or will have on the surroundings (section 52 of the Roads (Scotland) Act 1984);
41. making agreements to use land for landscaping to mitigate the effects of road construction (section 53 of the Roads (Scotland) Act 1984);
42. providing and maintaining rubbish bins or storage bins on roads (section 54 of the Roads (Scotland) Act 1984);
43. authorising in writing work in or excavation under a public road (section 56 of the Roads (Scotland) Act 1984);

44. taking action to eliminate danger caused by works in or under a road (section 57 of the Roads (Scotland) Act 1984);
45. granting permission in writing for any person to leave material on a road, or occupy it in any other way, for building purposes (section 58 of the Roads (Scotland) Act 1984);
46. giving written consent, with reasonable conditions attached as appropriate, for things to be placed or deposited in a road (section 59 of the Roads (Scotland) Act 1984);
47. enforcing rectification of failures to mark, light, fence or sign an obstruction in a road, or enforcing a person to shore up or otherwise protect a building in accordance with section 60 of the Roads (Scotland) Act 1984;
48. allowing equipment to be placed under a road (section 61 of the Roads (Scotland) Act 1984);
49. temporarily prohibiting or restricting the use of roads which are dangerous (section 62 of the Roads (Scotland) Act 1984);
50. serving notice that a satisfactory vehicle crossing must be made (section 63 of the Roads (Scotland) Act 1984);
51. giving statutory undertakers consent to work on footways, footpaths and cycle tracks (section 64 (2) of the Roads (Scotland) Act 1984);
52. serving notices on owners or occupiers who fail to keep any structures or fixtures (including cellar openings, doors and covers) or vaults, arches, cellars and tunnels in good condition and repair and requiring them to replace, repair or put into good condition such structures, and paying any associated expenditure incurred by owners or occupiers (section 66 of the Roads (Scotland) Act 1984);
53. issuing notices to enforce an owner to alter a door, gate, window, window shutter or bar in order that it does not reduce safety or convenience by opening outwards into a road (section 67 of the Roads (Scotland) Act 1984);
54. starting the consultation process to stop up public and private access to land (sections 70 and 72 of the Roads (Scotland) Act 1984);
55. stopping up public and private access to land where no objections have been received following notice to the public (sections 70 and 72 of the Roads (Scotland) Act 1984);
56. making land temporarily available for alternative routes during road improvement works (section 74 of the Roads (Scotland) Act 1984);
57. diverting waters (to construct, improve, protect roads) (section 78 of the Roads (Scotland) Act 1984);
58. entering into agreements to maintain or contribute to the cost of

- maintaining bridges (section 79 of the Roads (Scotland) Act 1984);
59. serving notices relating to the obstruction of views at corners, bends and junctions (section 83 of the Roads (Scotland) Act 1984);
 60. giving written permission for skips to be left on a road (section 85 of the Roads (Scotland) Act 1984);
 61. removing skips which are causing danger or obstruction (section 86 of the Roads (Scotland) Act 1984);
 62. requiring persons to remove structures that have been erected, deposited or placed on a road in accordance with section 87 of the Roads (Scotland) Act 1984;
 63. removing or altering projections of any buildings that interfere with safe or convenient passage along a road (section 88 of the Roads (Scotland) Act 1984);
 64. intimating to owners that they must remove objects which have fallen onto a road causing an obstruction, and if the owner cannot be traced or fails to remove the object within a reasonable period of time, or if the case is one of emergency, removing such objects (section 89 of the Roads (Scotland) Act 1984);
 65. taking all reasonable steps for the purpose of warning road users of obstructions in accordance with section 89 of the Roads (Scotland) Act 1984;
 66. recovering from owners any expenses reasonably incurred in the removal of obstructions in accordance with section 89 of the Roads (Scotland) Act 1984;
 67. agreeing to any overhead bridge, beam, rail or similar apparatus being fixed or placed over, along, or across a road (section 90 of the Roads (Scotland) Act 1984);
 68. serving notices on owners to carry out work to remove danger where a hedge, tree, or shrub is causing danger, obstruction or interference to passing vehicles or pedestrians, and carrying out such work if required in accordance with section 91 of the Roads (Scotland) Act 1984;
 69. giving consent for trees or shrubs to be planted within 5 metres of a carriageway and removing trees or shrubs planted without such consent (section 92 of the Roads (Scotland) Act 1984);
 70. taking steps to protect road users from dangerous things on land beside or near a road (section 93 of the Roads (Scotland) Act 1984);
 71. serving notices on occupiers of land adjoining a road to take steps to remove any risks of injury caused by wire, electrified fence, spikes, glass or any device (section 93 of the Roads (Scotland) Act 1984);
 72. filling in a pipe or ditch next to or near a public road which is a danger

- to road users (section 94 of the Roads (Scotland) Act 1984);
- 73. recovering the cost of clearing mud, clay and so on, on a road (section 95 of the Roads (Scotland) Act 1984);
- 74. recovering extraordinary costs for maintaining a road that has excessively heavy traffic (section 96 of the Roads (Scotland) Act 1984);
- 75. giving consent in writing to stalls and similar structures being put up next to a principal road for the purposes of selling goods (section 97 of the Roads (Scotland) Act 1984);
- 76. taking action related to stray and other animals on roads (section 98 of the Roads (Scotland) Act 1984);
- 77. serving notices on the owners or occupiers of land who are not preventing the flow of water, filth or other offensive matter from their land onto a road, and consenting to other persons carrying out such preventative work with any reasonable conditions in accordance with section 99 of the Roads (Scotland) Act 1984;
- 78. acquiring land when constructing or improving roads for schemes approved by the Council (sections 104, 106 and 107 of the Roads (Scotland) Act 1984);
- 79. acquiring land to improve amenity of new or improved road for schemes approved by the Council (section 105 of the Roads (Scotland) Act 1984);
- 80. obtaining materials for road repairs (section 121 of the Roads (Scotland) Act 1984);
- 81. giving people powers of entry for surveys and inspections (section 140(1) of the Roads (Scotland) Act 1984);
- 82. recovering expenses incurred when surveying land, etc. in connection with the Council's duties as roads authority (section 140(6) of the Roads (Scotland) Act 1984);
- 83. carrying out work that someone has failed to do (section 141 of the Roads (Scotland) Act 1984);
- 84. carrying out the roads authority's enforcement functions under the Roads (Scotland) Act 1984;

Traffic

- 85. commencing and completing the statutory procedure set out in the Local Authorities' Traffic Orders (Procedure) (Scotland) Regulations 1999, and doing all necessary preparation prior to making orders under the following sections of the Road Traffic Regulation Act 1984:
 - (a) sections 1, 2, and 4 (road traffic orders);

- (b) section 9 (experimental traffic orders);
 - (c) section 19 (regulation of highways by public service vehicles);
 - (d) sections 32, 35, 45, 46 and 49 (parking places);
 - (e) section 37 (extension of powers for purposes of general scheme traffic control);
 - (f) section 53 (designation orders);
 - (g) sections 82 and 83 (restricted roads); and
 - (h) section 84 (speed limit orders);
86. making orders under sections 1, 2, 4, 9, 19, 32, 35, 37, 45, 46, 49, 53, 82, 83 and 84 (as described in paragraph 84 above) of the Road Traffic Regulation Act 1984 where there have been no more than 6 material objections received by the public;
- (a) If statutory objections are received then consideration of the Order should be by the relevant committee;
87. in relation to orders made under paragraph 85 of the Scheme, making decisions that section 3(1) of the Road Traffic Regulation Act 1984 shall not have effect;
88. commencing and completing the statutory procedure set out in the Stopping Up of Roads and Private Accesses and the Redetermination of Public Rights of Passage (Procedure) (Scotland) Regulations 1986 prior to:
- (a) making orders determining the means of exercise of a public right of passage under section 152(2) of the Roads (Scotland) Act 1984; and
 - (b) making orders stopping up roads and dangerous accesses under sections 68 and 69 of the Roads (Scotland) Act 1984;
89. making orders determining the means of exercise of a public right of passage where no objections have been following notice to the public (section 152(2) of the Roads (Scotland) Act 1984);
90. making orders to stop up roads and dangerous accesses where no objections have been received following notice to the public (sections 68 and 69 of the Roads (Scotland) Act 1984);
91. recovering the costs of stopping-up orders made under section 68(1) of the Roads (Scotland) Act 1984 (section 147 of the Roads (Scotland) Act 1984);
92. recovering the costs of stopping up roads for safety reasons (section 147 of the Roads (Scotland) Act 1984);
93. recovering the costs of re-determination orders made under section 152(2) of the Roads (Scotland) Act 1984;

94. remitting proposed orders made under sections 68, 69 or 152(2) of the Roads (Scotland) Act 1984 to the Scottish Ministers for consideration where objections have been received and not subsequently withdrawn, in accordance with Regulation 13 of the Stopping Up of Roads and Private Accesses and the Redetermination of Public Rights of Passage (Procedure) (Scotland) Regulations 1986;
95. modifying in order to make less onerous (where the modification will remove an objection), or suspending, experimental traffic orders (section 10 of the Road Traffic Regulation Act 1984);
96. temporarily restricting or banning the use of roads (section 14 and 16A of the Road Traffic Regulation Act 1984);
97. putting up, maintaining and altering pedestrian crossings on roads other than trunk roads (section 23 of the Road Traffic Regulation Act 1984);
98. making arrangements for school crossing patrols (siting, selecting and training staff) (section 26 of the Road Traffic Regulation Act 1984);
99. managing off-street parking places including provision of buildings and apparatus, etc (including the contracting out of any charges) (section 33 of the Road Traffic Regulation Act 1984);
100. providing access to premises through off-street parking places where this would relieve or prevent congestion (section 34 of the Road Traffic Regulation Act 1984);
101. acquiring land for off-street parking for schemes approved by the Council (section 40 of the Road Traffic Regulation Act 1984);
102. buying or hiring parking meters (section 49 of the Road Traffic Regulation Act 1984);
103. providing stands and racks for bicycles in a road or elsewhere (section 63 of the Road Traffic Regulation Act 1984);
104. causing or allowing traffic signs to be placed on or near any road (section 65 of the Road Traffic Regulation Act 1984);
105. consulting on the placing of traffic signs in certain circumstances (section 68 of the Road Traffic Regulation Act 1984);
106. serving notices on owners to remove unauthorised traffic signs (section 69 of the Road Traffic Regulation Act 1984);
107. entering any land and carrying out other powers for placing, replacing, converting and removing traffic signs (section 71 of the Road Traffic Regulation Act 1984);
108. putting up and maintaining signs showing a speed limit (section 85 of the Road Traffic Regulation Act 1984);

109. placing bollards or other obstructions on roads where an order is in force that prevents or restricts the passage of vehicles (section 92 of the Road Traffic Regulation Act 1984);
110. placing bollards on a road where authorised or ordered by the Scottish Ministers (section 93 of the Road Traffic Regulation Act 1984);
111. taking action to secure the expeditious, convenient and safe movement of traffic, including pedestrians, especially for access control of commercial and public service vehicles (section 122 of the Road Traffic Regulation Act 1984);
112. carrying out studies and implementing a programme of measures designed to promote safety (section 39 of the Road Traffic Act 1988);
113. consulting about road hump proposals and the placing of signs (Road Humps (Scotland) Regulations 1998);
114. effecting duties as to the general procedure to be followed before a temporary order is made (Paragraph 3 of the Road Traffic (Temporary Restrictions) Procedure Regulations 1992);
115. effecting duties as to various procedures to be followed in respect of timing of road works (Road Works (Scottish Road Works Register, Notices, Directions and Designations) (Scotland) Regulations 2008);
116. effecting duties as to procedures to be followed in respect of timing of road works (The Road (Traffic Calming)(Scotland) Regulations 1994);
117. effecting duties as to procedures to be followed for consultation about traffic calming works and to the placing of signs at such works (The Roads (Traffic Calming)(Scotland) Regulations 1994 as amended);
118. carrying out the roads authority's responsibilities under the Local Government (Omnibus Shelters and Queue Barriers) (Scotland) Act 1958;
119. carrying out the roads authority's responsibilities including enforcement functions under the New Roads and Street Works Act 1991;
120. commenting as roads authority on planning applications (Town and Country Planning (Development Management Procedure) (Scotland) Regulations 2008);
121. agreeing to the provision of seats and other street furniture on footways (section 30 of the Local Government and Planning (Scotland) Act 1982);
122. advising other authorities on their proposals to 'stop up' roads (sections 1 and 9 of the Road Traffic Regulation Act 1984; sections 68, 69 and 152 of the Roads (Scotland) Act 1984);
123. providing and maintaining lighting on roads that are not maintained by

the Council;

124. making arrangements for tenders and contracts for supported bus services under the Transport Act 1985;
125. arranging for minor spending on bus services to the limits in force for minor contracts under the Transport Act 1985;
126. erecting, moving and removing bus stops, shelters and information panels provided that no objections are made following notice to the public;
127. installing, moving and removing bus stop clearway markings under the Traffic Signs Regulations and General Directions 2002;
128. carrying out the Council's enforcement functions under the Road Traffic Regulation Act 1984, the Road Traffic Act 1991, the Transport (Scotland) Act 2001 and the Bus Lane Contraventions (Charges, Adjudication and Enforcement) (Scotland) Regulations 2011;
129. assessing whether people are eligible for forms of concessionary travel;
130. issuing and refusing to issue a disabled person's badge under the criteria prescribed in the Disabled Persons (Badges for Motor Vehicles) (Scotland) Regulations 2000;
131. asking the Traffic Commissioner to make a traffic regulation condition in respect of a local bus service (section 7 of the Transport Act 1985);
132. dealing with applications to run vehicles for the benefit of the community exempt from Public Service Vehicle etc requirements (section 19 of the Transport Act 1985);
133. dealing with applications to run a community bus service for the benefit of the community exempt from Public Service Vehicle, etc requirements (section 22 of the Transport Act 1985);
134. securing public transport services having regard for transport needs of members of the public who are elderly or disabled (section 63 of the Transport Act 1985); deciding the numbers of, and charges for, Edinburgh healthcare workers' parking permits subject to any disagreement with NHS Lothian being reported to Committee for decision;
135. approving or refusing applications for school crossing patrols in accordance with the Council Policies;

Housing and Regeneration

136. approving offers and authorising payments of grants to Registered Social Landlords;
137. authorising and carrying out repairs and maintenance to homes owned by the Council for the purposes of affordable rent ("Council

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- Homes”) in accordance with the Council’s repairs policy;
137. operating the “Right to Repair” scheme for tenants of Council Homes;
 139. consenting to repairs and improvements of Council Homes;
 140. determining whether the costs of repair and improvements to Council Homes should be reimbursed and to what extent;
 141. maintaining a common housing register and allocating Council Homes in accordance with the Council’s lettings policy;
 142. collecting rent, service charges and court costs where applicable from current and former tenants of Council Homes;
 143. writing off the arrears balances of former tenants of Council Homes in accordance with Council Policies;
 144. consulting with tenants of Council Homes on increases to rent and service charges;
 145. carrying out regular maintenance of land held on the Housing Revenue Account;
 146. instructing repairs to common areas in accordance with the Tenements (Scotland) Act 2004;
 147. preparing and implementing a Tenant Participation Strategy, including keeping a register of tenant organisations in accordance with the Housing (Scotland) Act 2001;
 149. registering the Council as a property factor with the Scottish Government and taking steps to comply with the code of conduct’s standards of practice, in accordance with the Property Factors (Scotland) Act 2011;
 150. preparing and maintaining a register of private landlords under the Antisocial Behaviour etc. (Scotland) Act 2004;
 151. carrying out functions under Part 9 of the Antisocial Behaviour etc. (Scotland) Act 2004;
 152. entering relevant persons on the register of private landlords on receipt of a valid application to register or where a relevant person

- has made a valid houses of multiple occupancy application;
153. approving the entitlement to the relevant discounts of the fee to be entered on the register of private landlords;
 154. carrying out the Council's duties as a landlord under section 30 of the Housing (Scotland) Act 1988;
 155. issuing, serving, suspending and revoking work notices under sections 30, 31 and 32 of the Housing (Scotland) Act 2006;
 156. carrying out work where the owner of a house fails to comply with a work notice or a demolition notice under section 35 of the Housing (Scotland) Act 2006;
 157. carrying out work after notification by a private rented housing committee under section 36 of the Housing (Scotland) Act 2006;
 158. carrying out the Council's functions in relation to maintenance under Part 1, Chapter 6 of the Housing (Scotland) Act 2006;
 159. carrying out the Council's functions in relation to the licensing of houses in multiple occupation under Part 5 of the Housing (Scotland) Act 2006;
 160. carrying out the Council's functions in relation to rights of entry under Part 9 of the Housing (Scotland) Act 2006;
 161. exercising the Council's powers under Part 10 of the Housing (Scotland) Act 2006;
 162. granting, varying, refusing, extending and revoking temporary exemption orders in terms of section 142 and 143 of the Housing (Scotland) Act 2006;
 163. issuing rent penalty notices under the Antisocial Behaviour etc. (Scotland) Act 2004;
 164. where appropriate, refunding fees that have been paid by applicants to be placed on the register of landlords;
 165. processing applications for improvement grants and domestic sound-proofing grants including authority to make payments;
 166. seeking the Scottish Minister's approval to raise the level of grant given to an owner-occupier for reasons of hardship;
 167. carrying out assessments to determine homelessness or the threat of homelessness, and discharging the Council's duties in respect of those assessed as either being homeless or under threat of homelessness;
 168. carrying out spot purchases of accommodation, including Bed and Breakfasts, for homeless, temporary or emergency accommodation;

169. entering into leasing agreements with Registered Social Landlords for homeless, temporary or emergency accommodation;
170. carrying out repairs to white goods and furnishings in homeless, temporary or emergency accommodation and core furnished tenancies;
171. kennelling pets for households staying in homeless, temporary or emergency accommodation;
172. determining who receives housing support in line with Council Policies;
173. implementing and enforcing the conditions of the Council's tenancy agreements for Council Homes including decisions to progress cases for repossession and eviction action;
174. determining eligibility of applicants and administering the sale of Council Homes under "Right to Buy" legislation;
175. purchasing and selling property on the Housing Revenue Account up to a value of £250,000, provided that such purchases are reported annually to the appropriate committee;

Licensing

176. granting or refusing permits for public charitable collections in accordance with criteria approved by the Regulatory Committee;
177. granting, attaching conditions to, refusing and issuing applications for licences etc. under the Civic Government (Scotland) Act 1982 and the legislation listed in Part A of Appendix 10 (including taxi and private hire car licence applications where an adverse medical report has been received) subject to:
 - (i) there being no objection or unresolved representation from a member of the public or the Chief Constable to the application;
178. subject to consultation with the Convener or Vice-Convener of the Licensing Sub-Committee, granting, attaching conditions to, refusing and issuing applications for any temporary licences etc. under the Civic Government (Scotland) Act 1982 and the legislation listed in Part of A of Appendix 10 where there has been an objection or unresolved representation from a member of the public or the Chief Constable to the application and where it is not practicable for the application to be considered by a scheduled meeting of the Licensing Sub-Committee prior to the date the licence, if granted, is due to commence;
179. granting, renewing, varying and issuing any licence where Police

Scotland has made a representation about conditions to be attached to the licence and where the applicant has indicated in writing that he/she agrees to the conditions;

180. renewing and issuing licences etc. under the Civic Government (Scotland) Act 1982 and the legislation listed in Part A of Appendix 10 if satisfied (after considering reports by appropriate officials) as to their non-contentious nature;
181. keeping a public register of applications, permissions and licences;
182. granting and issuing late hours catering licence renewals with hours in excess of zoning policy, where those hours had been enjoyed in the preceding year without complaint;
183. determining an application for an exemption from the requirement to have a late hours catering licence in respect of any particular occasion or during a specified period not exceeding two months in any period of 12 months, and, where appropriate, to attach to such exemption any of the standing conditions applying to late hours catering licences;
184. refunding the appropriate application fee (or part of the fee) for applications which have been withdrawn or refused and licences which have been granted, in accordance with Council Policy;
185. advertising any proposed taxi stance appointment, variation or revocation and:
 - (a) determining the proposal where no public objections or representations are received; and
 - (b) determining the starting date of any change;
186. determining whether good cause has been shown to deem an application for renewal of a licence made up to 28 days after the expiry of the existing licence is to be treated as if the licence had been made prior to its expiry;
187. subject to consultation with the Convener or Vice-Convener of the Licensing Sub-Committee, considering whether there is a serious threat to public order or public safety which would justify a temporary suspension of any licences etc. under the Civic Government (Scotland) Act 1982 and the legislation listed in Part A of Appendix 10, and where it is considered that such a serious threat to public order or public safety exists, temporarily suspending the relevant licences etc. for a period of not more than 6 weeks or until the suspension is considered by the Licensing Sub-Committee, whichever is sooner;
188. suspending taxi and private hire driver licences on a temporary basis on medical grounds during the currency of a licence where the licence holder is in agreement;

189. exempting new taxi driver licence applicants from elements of the compulsory training course if they have alternative equivalent qualifications;
190. accepting new applications to drive taxis or private hire cars from previously licensed drivers up to six months after the expiry of their licence at the appropriate renewal fee;
191. exercising the Council's overriding discretion in respect of section 187(a)(i) of the City of Edinburgh Council's Licensing Conditions for Taxis, Private Hire Cars, Taxi Drivers and Private Hire Car Drivers 2006) to consider any negative factor such as:
 - (a) whether the width deviated from the manufacturer's specification for standard vehicles of that type;
 - (b) whether factory options such as wide wheels and tyres had been added; and
 - (c) whether the vehicle could safely fit/utilise any taxi stance, without the stance being modified;
192. approving the installation of WiFi, CCTV or other camera equipment in any relevant licensed vehicle;
193. determining whether alleged changes in circumstances are adequate to allow the processing of a further application for a civic licence within 12 months of a refusal (including licences for houses in multiple occupation);
194. accepting a re-application for a civic licence within 12 months of a refusal under existing delegated powers due to an error of material fact and transferring the original fee to the re-application (including licences for houses in multiple occupation);
195. issuing letters of confirmation in respect of notification of public processions received with the exception of any notification attracting representations that cannot be resolved through negotiation;
196. determining requests for variation of fees for Houses in Multiple Occupation licences;
197. appointing members to vacancies arising in the membership of the Council's Licensing Forum;
198. appointing Licensing Standards Officers in accordance with section 13 of the Licensing (Scotland) Act 2005;
199. determining and issuing wheelchair exemptions on a temporary basis in respect of the City of Edinburgh Council's Licensing Conditions for Taxis, Private Hire Cars, Taxi Drivers and Private Hire Car Drivers;
200. determining whether to hold a hearing to consider the suspension of a licence in terms of the Civic Government (Scotland) Act 1982;

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201. approve in terms of standard licence condition 26 for individual applications to install Admats and to vary the standard conditions of licence to disapply condition 299 insofar as it applies to Admats.

Community safety, environmental, consumer protection and registration etc.

202. exercising statutory duties, functions and enforcement under the legislation listed in Part B of Appendix 10;
203. when appointed by the Scottish Ministers, acting on any Emergency Order made under Part I of the Food and Environment Protection Act 1985;
204. carrying out reviews of air quality in accordance with section 82 of the Environment Act 1995;
205. carrying out assessments of air quality and the achievement of air quality standards or objectives in accordance with section 84 of the Environment Act 1995;
206. complying with any regulations made under section 87 of the Environment Act 1995;
207. enforcing pollution and nuisance control measures in accordance with sections 107, 108 and 109 of the Environment Act 1995;
208. issuing suspension notices under section 14 of the Consumer Protection Act 1987 for goods which are suspected to be unsafe;
209. granting licences under the Health and Safety at Work etc. Act 1974 and the Petroleum Acts 1928 and 1936;
210. making registrations under the Health and Safety and Work etc. Act 1974 and The Poisons Act 1972;
211. appointing and exercising the powers of health and safety inspectors under sections 19 and 20 of the Health and Safety at Work etc. Act 1974;
212. serving improvement notices and prohibition notices under sections 21 and 22 and in accordance with section 23 of the Health and Safety at Work etc. Act 1974;
213. dealing with causes of imminent danger in accordance with section 25 of the Health and Safety at Work etc. Act 1974;
214. providing information upon request under section 27 of the Health and Safety at Work etc. Act 1974;
215. issuing credentials to enforcement staff so that they can deal with enforcing and licensing as provided by the relevant legislation and European directives;
216. providing mobile toilet units, waste containers and assistance in kind to community organisations and charities for special events for which budget provision has been made, and charging for provisions of

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these services where appropriate;

217. performing the Council's public health duties under sections 11 to 21 of the Edinburgh District Council Order Confirmation Act 1991, including registering premises for acupuncturists, ear piercers and electrolysisists;
218. enforcing the removal or discontinuation of advertisements under section 186 of the Town and Country Planning (Scotland) Act 1997;
219. removing or obliterating placards or posters in accordance with section 187 of the Town and Country Planning (Scotland) Act 1997;
220. appointing officer to carry out the functions of the Public Analyst and Food Examiner (Food Safety Act 1990) and Agricultural Analyst/Depute Agricultural Analyst (Agriculture Act 1970);
221. exercising the Council's statutory duties and functions under the Food Safety Act 1990 in relation to issues of food hygiene, food safety and food standards, including labelling;
222. burying or cremating the body of any person who has died or been found dead in the Council's area in any case where it appears to the Council that no suitable arrangements for the disposal of the body have been or are being made otherwise than by the Council, and recovering from the estate of the deceased person the expenses incurred in doing so (section 50 of the National Assistance Act 1948);
223. burying or cremating the body of any deceased person who immediately before his death was in the care of, receiving assistance from, or was a child being looked after by the Council, and recovering the expenses of doing so from the estate of the deceased person or from any person who was liable to maintain the deceased person immediately before his death expenses incurred (section 28 of the Social Work (Scotland) Act 1968);
224. maintaining cemeteries in accordance with section 10 of the Edinburgh District Council Order Confirmation Act 1991;
225. awarding community grants from dedicated budgets;
226. providing and managing the Council's library services;
227. requiring any person to whom any article (other than a book or periodical) is lent to deposit with the Council a sum of money for the safe return of such article (section 6 of the City of Edinburgh District Council Order Confirmation Act 1991);
228. making a charge for notifying a person that an article reserved by him has become available for borrowing (section 6 of the City of Edinburgh District Council Order Confirmation Act 1991);
229. charging for the borrowing of any article (other than a book or periodical) or the provision of any service provided at libraries (section 6 of the City of Edinburgh District Council Order Confirmation Act 1991);
230. prescribing periods within which any article borrowed from a library

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must be returned, and exacting penalties for the retention by borrowers of any article beyond such period (section 39(1)(a) of the Edinburgh Corporation Order Confirmation Act 1967);

231. exercising the Council's functions under the Registration of Births, Deaths and Marriages (Scotland) Act 1965, including registering births and deaths, appointing a registrar and providing and maintaining a registration office;
232. appointing an officer to carry out the function of dealing with stray dogs, and dealing with dogs under sections 149, 150 and 151 of the Environmental Protection Act 1990;
233. exercising the Council's functions under the Public Health etc. (Scotland) Act 2008, including serving notices on owners or occupiers of infected premises, inspecting premises and recovering expenses, and providing mortuaries;
234. carrying out periodical inspections and exercising the Council's inspections functions under sections 9A to 12 of the Zoo Licensing Act 1981;
235. considering and making arrangements for the welfare of animals following the closure of a zoo under sections 16E and 16G of the Zoo Licensing Act 1981;
236. controlling noise from construction sites by investigating, and serving and publishing notices in accordance with section 60 of the Control of Pollution Act 1974;
237. considering applications for consents for works in accordance with section 61 of the Control of Pollution Act 1974;
238. investigating noise nuisance, serving warning notices and fixed penalty notices, and seizing and removing equipment in accordance with sections 41 to 54 of the Antisocial Behaviour etc (Scotland) Act 2004;
239. inspecting and investigating statutory nuisances in accordance with section 79 of the Environmental Protection Act 1990;
240. serving abatement notices and fixed penalty notices and initiating proceedings in relation to statutory nuisances in accordance with sections 80, 80ZA and 80A of the Environmental Protection Act 1990;
241. abating nuisances and recovering costs in relation to statutory nuisances in accordance with sections 81, 81A and 81B of the Environmental Protection Act 1990;
242. issuing fixed penalty notices for contravention of unauthorised or harmful depositing of waste in accordance with section 33A of the Environmental Protection Act 1990;
243. complying with the duty of care in relation to controlled waste in accordance with section 34 of the Environmental Protection Act 1990;
244. issuing notices and requiring the removal of waste unlawfully

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- deposited in accordance with section 59 of the Environmental Protection Act 1990;
245. promoting the abatement of litter in accordance with section 87 of the Environmental Protection Act 1990;
 246. issuing fixed penalty notices for leaving litter in accordance with section 88 of the Environmental Protection Act 1990;
 247. designating litter control areas in accordance with section 90 of the Environmental Protection Act 1990;
 248. serving litter abatement notices in accordance with section 92 of the Environmental Protection Act 1990;
 249. issuing street litter control notices in accordance with section 93 of the Environmental Protection Act 1990;
 250. complying with regulations made by Scottish Ministers in relation to the display of advertisements in accordance with section 182 of the Town and Country Planning (Scotland) Act 1997;
 251. removing abandoned vehicles in accordance with section 3 of the Refuse Disposal (Amenity) Act 1978;
 252. disposing of removed vehicles in accordance with section 4 of the Refuse Disposal (Amenity) Act 1978;
 253. recovering expenses in connection with removed vehicles in accordance with section 5 of the Refuse Disposal (Amenity) Act 1978;
 254. dealing with graffiti in accordance with sections 58 to 65 of the Antisocial Behaviour (Scotland) Act 2004, including serving graffiti removal notices;
 255. exercising the Council's functions and powers in relation to drains in accordance with sections 29 to 34 of the Edinburgh District Council Order Confirmation Act 1991, including removing obstructions and serving notices;
 256. serving notices in relation to environmental matters in accordance with section 160 of the Environmental Protection Act 1990;
 257. discharging the Council's functions in relation to genetically modified organisms, including entering and inspecting premises, in accordance with sections 114 to 117 of the Environmental Protection Act 1990;
 258. entering into agreements with Scottish Ministers to exercise the

- enforcement functions of the Scottish Ministers in relation to genetically modified organisms, in accordance with section 125 of the Environmental Protection Act 1990;
259. inspecting land in relation to contaminated land in accordance with section 78B of the Environmental Protection Act 1990;
 260. serving notices to require the remediation of contaminated land in accordance with section 78E of the Environmental Protection Act 1990;
 261. determining appropriate people to bear responsibility for remediation in accordance with section 78F of the Environmental Protection Act 1990;
 262. consulting in relation to remediation notices in accordance with sections 78G and 78H of the Environmental Protection Act 1990;
 263. serving remediation notices in relation to the pollution of controlled waters in accordance with section 78J of the Environmental Protection Act 1990;
 264. serving remediation notices in relation to contaminating substances which escape to other land in accordance with section 78K of the Environmental Protection Act 1990;
 265. carrying out remediation to the relevant land or water environment in accordance with section 78N of the Environmental Protection Act 1990;
 266. recovering costs incurred in relation to remediation in accordance with section 78P of the Environmental Protection Act 1990;
 267. exercising the Council's functions where remediation notices have been served and the land becomes special land, in accordance with section 78Q of the Environmental Protection Act 1990;
 268. maintaining a register in relation to contaminated land in accordance with sections 78R, 78S and 78T of the Environmental Protection Act 1990;
 269. providing SEPA with information when requested in accordance with section 78U of the Environmental Protection Act 1990;
 270. having regard to guidance issued by SEPA in accordance with section 78V of the Environmental Protection Act 1990;
 271. exercising the Council's functions in relation to contaminated land in accordance with section 78X of the Environmental Protection Act 1990;
 272. carrying out the Council's enforcement functions under sections 68, 71, 74 and 78 of the Antisocial Behaviour etc. (Scotland) Act 2004

273. carrying out the Council's enforcement functions in relation to fireworks in accordance with sections 2, 3 and 12 of the Fireworks Act 2003;
274. entering and inspecting premises, issuing fixed penalties and commencing legal proceedings in relation to smoking, in accordance with sections 1 to 10 of the Smoking, Health and Social Care (Scotland) Act 2005;
275. enforcing the safety provisions of the Motor Cycle Noise Act 1987;
276. enforcing the provisions of the Tobacco Advertising and Promotion Act 2002 in accordance with sections 13 and 14 of that act;
277. enforcing the duty to provide information on sale of houses, in accordance with sections 109 to 112 of the Housing (Scotland) Act 2006;
278. exercising the Council's enforcement functions in accordance with sections 25 and 26 of the Tobacco and Primary Medical Services (Scotland) Act 2010;
279. applying for tobacco retailing banning orders and ancillary orders in accordance with sections 15 to 19 of the Tobacco and Primary Medical Services (Scotland) Act 2010;
280. issuing fixed penalty notices in accordance with section 27 of the Tobacco and Primary Medical Services (Scotland) Act 2010;
281. exercising the Council's powers of entry in accordance with sections 28 to 31 of the Tobacco and Primary Medical Services (Scotland) Act 2010;
282. exercising the Council's enforcement powers in relation to copyright infringement in accordance with sections 107A and 198A of the Copyright, Designs and Patents Act 1988;
283. exercising the Council's enforcement functions and powers under the Enterprise Act 2002;
284. dealing with the clean up of spills in accordance with the Merchant Shipping (Oil Pollution Preparedness, Response and Co-operation Convention) Regulations 1998;
285. requiring the owner of a public building to execute works necessary to minimise the risk to the public in the event of danger in accordance with section 23 of the City of Edinburgh District Council Order Confirmation Act 1991;
286. requiring owners to carry out, or carrying out works to secure, restore or repair structures, fixtures, walls or fences that has become insecure, worn out, damaged or in need of repair, and recovering the costs of doing so, all in accordance with section 24 of the Edinburgh District Council Order Confirmation Act 1991;

287. giving notice to person requiring them to take steps to reduce the emission of dust in accordance with section 25 of the City of Edinburgh District Council Order Confirmation Act 1991;
288. serving notices in accordance with section 26 and in relation to sections 23 to 25 of the City of Edinburgh District Council Order Confirmation Act 1991;
289. cancelling and serving new notices under section 48 of the City of Edinburgh District Council Order Confirmation Act 1991;
290. entering premises to perform the Council's functions under the City of Edinburgh District Council Order Confirmation Act 1991 in accordance with section 53 of that act;
291. executing works and recovering the costs of doing so where an owner or occupier fails to do so after being served notice to do so in accordance with section 57 of the City of Edinburgh District Council Order Confirmation Act 1991;

Parks and Greenspace

292. approving in accordance with conditions considered appropriate to individual applications, and in accordance with Council Policy, all requests from organisations to make use of parks and recreational areas, subject to consultation with:
 - (a) the Convener or vice-Convener of the Transport and Environment Committee;
 - (b) the Festival and Events Champion;
 - (c) local ward Councillors;
 - (d) as appropriate, other Council service areas; and/or
 - (e) as appropriate, Lothian and Borders Police (or its successor) and other emergency services;
293. issuing felling orders for trees affected by Dutch Elm Disease (sections 3(1) (2) and (4) and 5(1) of the Plant Health Act 1967 and section 20 of the Agricultural (Miscellaneous Provisions) Act 1972 (B) and Dutch Elm Disease (Amendment) (Local Authorities) Order 1975);
294. creating, maintaining, enhancing and removing physical and natural assets within the Council's parks and greenspaces;
295. creating, maintaining, enhancing and removing trees and other landscape features managed by the Council;
296. implementing the provisions of the Council's Park Management Rules;

297. implementing the provisions of the Allotments (Scotland) Acts and administering the Council's allotment regulations;
298. implementing the provisions of wildlife, nature, access and parks legislation, including:
 - (h) Countryside (Scotland) Act 1967;
 - (i) Wildlife and Countryside (Scotland) Act 1981;
 - (j) National Parks and Access to the Countryside Act 1949;
 - (k) Nature Conservation (Scotland) Act 2004;
 - (l) Wildlife and Natural Environment (Scotland) Act 2011; and
 - (m) Land Reform (Scotland) Act 2003;
299. drafting, managing and implementing Council approved policy and strategy that relates to parks and greenspace responsibilities;
300. managing the Council's Green Flag Award and other quality management programmes;
301. managing events and activities taking place within parks and greenspaces;

Waste Services

302. preparing specifications and award contracts for repairing and maintaining the Council's vehicles and plant fleet, and for buying replacements, all in accordance with the Contracts Standing Orders as amended from time to time;
303. discharging duties relating to the conduct of the Council's significant trading operations in accordance with section 10 of the Local Government in Scotland Act 2003;
304. specifying the level of services and other relevant details for providing waste management, street cleansing and refuse collection services;
305. negotiating variation orders for changes in the level of waste management, street cleansing and refuse collection services with approved contractors, within the contract prices approved by the Council;
306. setting the prices of trade waste services provided by the Council;
307. exercising statutory duties, functions and enforcement under the legislation listed in Part B of Appendix 10 that relate to waste management;
308. carrying out the Council's waste management functions in accordance with its approved integrated waste management plan,

and providing the Scottish Ministers upon request with a statement setting out whether the Council is carrying out such functions (section 44Z of the Environmental Protection Act 1990);

309. collecting household, commercial or industrial waste, (including, where applicable, issuing reasonable charges for doing so), and exercising the Council's other ancillary powers all in accordance with section 45 of the Environmental Protection Act 1990;
310. arranging for the provision of receptacles to enable separate collection of dry recyclable waste and food waste in accordance with section 45C of the Environmental Protection Act 1990;
311. serving notice on occupiers regarding the placing of waste for collection in receptacles in accordance with section 46 of the Environmental Protection Act 1990;
312. supplying receptacles for commercial or industrial waste, and making reasonable charges for doing so, in accordance with section 47 of the Environmental Protection Act 1990;
313. arranging for the disposal of waste collected, providing places at which to deposit waste before the Council transfers it, providing places at which to dispose of or recycle waste and permitting another person to use the facilities provided by the Council, all in accordance with section 53 of the Environmental Protection Act 1990;
314. ensuring that land occupied by the Council and used as a site in or on which to deposit, treat, keep or dispose of controlled waste is used and operated in accordance with certain conditions, in accordance with section 54 of the Environmental Protection Act 1990;
315. enabling waste to be recycled, used for the purpose of producing heat or electricity, buying or acquiring waste to be recycled and using, selling or disposing of waste belonging to the authority in accordance with section 56 of the Environmental Protection Act 1990;
316. carrying out the Council's duties in response to directions issued by the Scottish Ministers, in accordance with sections 57 and 58 of the Environmental Protection Act 1990;
317. consenting to people sorting or disturbing anything deposited at a place for the deposit of waste or anything deposited in a receptacle for waste, in accordance with section 60 of the Environmental Protection Act 1990;
318. carrying out the Council's duties in response to regulations issued by the Scottish Ministers, in accordance with section 62 of the Environmental Protection Act 1990;
319. minimising the quantities of controlled waste in the Council's area and contributing towards the expenses of doing so, in accordance with section 63A of the Environmental Protection Act 1990;

Appendix 5 – Delegation to the Executive Director of Place

320. exercising the power to require any person to furnish information in accordance with section 71 of the Environmental Protection Act 1990;
321. participating in legal proceedings in accordance with section 73 of the Environmental Protection Act 1990;
322. carrying out the Council's duties in relation to keeping roads clear of litter and refuse in accordance with section 89 of the Environmental Protection Act 1990;
323. participating in legal proceedings arising from a person complaining that he is aggrieved by the defacement, by litter or refuse, of road or land in accordance with section 91 of the Environmental Protection Act 1990;
324. giving notice under section 99 of the Environmental Protection Act 1990 that the Council has resolved to use the powers to seize and remove shopping trolleys, and exercising such powers under Schedule 4 of that act;

Building Standards

326. submitting comments on relaxation applications determined by the Scottish Ministers;
327. signing certificates of evidence in relation to Sheriff Court procedures involving offences in terms of sections 8(2) and 21(5) of the Building (Scotland) Act 2003;
328. undertaking building standards assessments under section 6 of the Building (Scotland) Act 2003;
329. deciding on completion certificate submissions under section 18 of the Building (Scotland) Act 2003;
330. deciding on application under section 21(3) of the Building (Scotland) Act 2003 for a building to be temporarily occupied or used before a completion certificate under section 18 has been accepted;
331. deciding on the imposition of a continuing requirement in terms of section 22 of the Building (Scotland) Act 2003;
332. deciding on the discharge or variation of a continuing requirement in terms of section 23 of the Building (Scotland) Act 2003;
333. maintaining and administering a building standards register in terms of section 24 of the Building (Scotland) Act 2003;
334. serving enforcement notices in terms of sections 25, 26, 27, 28, 29, 30 and 42 of the Building (Scotland) Act 2003 and carrying out all consequential enforcement procedures;
335. signing certificates which certify the reason why occupants need to remove from a property as required by a notice under section 42 of the Building (Scotland) Act 2003;
336. processing section 50 certificates in relation to Building Standards in terms of the Licensing (Scotland) Act 2005;
337. granting or refusing applications for building warrants, amendments to warrants and extensions to the periods of validity of building warrants;

Floods, Reservoirs and Coasts

338. preparing, reviewing, updating and making available for inspection maps of relevant bodies of water and sustainable urban drainage systems (section 17 of the Flood Risk Management (Scotland) Act 2009);
339. assessing relevant bodies of water (other than canals) for the purpose of ascertaining whether the condition of any such body of water gives rise to a risk of flooding of land prepare schedules of inspection, clearance and repair works (section 18 of the Flood Risk

Management (Scotland) Act 2009);

340. preparing maps and responding to the Scottish Environmental Protection Agency ("SEPA") in accordance with section 19 of the Flood Risk Management (Scotland) Act 2009;
341. responding to consultations with SEPA in accordance with section 29 of the Flood Risk Management (Scotland) Act 2009 on the setting objectives and identification of measures under sections 27 and 29 of the Flood Risk Management (Scotland) Act 2009;
342. responding to consultations by SEPA in accordance with section 30(4)(c) of the Flood Risk Management (Scotland) Act 2009;
343. preparing local flood risk management plans to supplement the relevant flood risk management plan in accordance with section 34 of the Flood Risk Management (Scotland) Act 2009;
344. publishing a "draft supplementary part" of the local flood risk management plan as lead local authority in accordance with section 35 of the Flood Risk Management (Scotland) Act 2009 subject to the draft supplementary part being approved by Council or Committee;
345. responding to consultation by a lead local authority on the "draft supplementary part" of the local flood risk management plan in accordance with section 35 of the Flood Risk Management (Scotland) Act 2009;
346. publishing the local flood risk management plan as lead local authority in accordance with section 36(5) of the Flood Risk Management (Scotland) Act 2009 subject to the local flood risk management plan being approved by Council or Committee;
347. responding to consultation by a lead local authority on the finalising, publishing and reviewing of the local flood risk management plan in accordance with section 36 of the Flood Risk Management (Scotland) Act 2009;
348. reviewing the local flood risk management plan and, subject to Council or Committee approval, publish a report on the conclusions of the review in accordance with section 37 of the Flood Risk Management (Scotland) Act 2009;
349. publishing final reports in relation to the local flood risk management plan in accordance with section 38 of the Flood Risk Management (Scotland) Act 2009 subject to Council or Committee approval;
350. taking steps to co-operate with other local authorities where a local plan district covers more than one local authority's area with a view to assisting the preparation and review of the local flood risk management plan and the preparation of relevant reports in accordance with section 39 of the Flood Risk Management (Scotland) Act 2009;

351. taking steps to ensure the Council has regard to flood risk management plans in accordance with section 41 of the Flood Risk Management (Scotland) Act 2009;
352. providing SEPA and lead authorities with information and assistance in accordance with sections 43, 44, 45 and 46 of the Flood Risk Management (Scotland) Act 2009;
353. taking steps to secure appropriate consistence in the information contained in the plan with information contained in characterisations of river basin districts and river basin management plans in accordance with section 48(3) of the Flood Risk Management (Scotland) Act 2009;
354. sitting on the flood risk advisory group (section 49) and sub-district flood risk advisory group (section 50) on behalf of the Council in accordance with the Flood Risk Management (Scotland) Act 2009;
355. taking steps to do anything which (a) will contribute to the implementation of current measures described in any relevant local flood risk management plan, (b) is necessary to reduce the risk of a flood in the Council's area which is likely to occur imminently and have serious consequences for human health, the environment, cultural heritage or economic activity, or (c) will otherwise manage flood risk in the Council's area without affecting the implementation of the measures described in any relevant local flood risk management plan, all in accordance with sections 56, 57 and 58 of the Flood Risk Management (Scotland) Act 2009;
356. carrying out works which the Council has a duty to carry out under section 59 of the Flood Risk Management (Scotland) Act 2009;
357. responding to consultation by the Scottish Ministers on flood protection schemes (section 60(5) of the Flood Risk Management (Scotland) Act 2009;
358. giving notice of proposed flood protection schemes, and making copies of proposed flood protections schemes available for public inspection, in accordance with Schedule 2, Paragraphs 1 and 2 of the Flood Risk Management (Scotland) Act 2009;
359. confirming or rejecting proposed flood protections schemes (where there have been no objections received following notice to the public) in accordance with Schedule 2, Paragraph 4 of the Flood Risk Management (Scotland) Act 2009;
360. keeping registers of flood protections schemes in accordance with sections 62 and 63 of the Flood Risk Management (Scotland) Act 2009;
361. recovering expenses incurred from owners and occupiers of land if such expense is as a result of the actions of such owner or occupier in accordance with section 67 of the Flood Risk Management (Scotland) Act 2009;

362. responding to consultations on flood warnings in accordance with section 77 of the Flood Risk Management (Scotland) Act 2009;
363. entering into land for the purposes of section 79(2)(a) to (i) of the Flood Risk Management (Scotland) Act 2009;
364. serving notice of right of entry in accordance with section 81 of the Flood Risk Management (Scotland) Act 2009;
365. paying compensation to persons who have sustained damage in accordance with sections 82 and 83 of the Flood Risk Management (Scotland) Act 2009;
366. assisting SEPA with transitional arrangements in accordance with section 85 of the Flood Risk Management (Scotland) Act 2009;
367. reporting incidents occurring at reservoirs in accordance with section 88 of the Flood Risk Management (Scotland) Act 2009;
368. discharging the duty to consider the environmental impact of a proposed flood protections scheme in accordance with Part II of the Flood Risk Management (Flood Protection Scheme, Potentially Vulnerable Areas and Local Plan Districts) (Scotland) Regulations 2010;
369. offering relevant objectors (within the meaning of Paragraph 5(4) of Schedule 2 of the Flood Risk Management (Scotland) Act 2009) the opportunity to withdraw the objection in accordance with section 13 of the Flood Risk Management (Flood Protection Scheme, Potentially Vulnerable Areas and Local Plan Districts) (Scotland) Regulations 2010;
370. requesting the Scottish Ministers to direct planning permission for any development described in a flood protection scheme in accordance with section 14 of the Flood Risk Management (Flood Protection Scheme, Potentially Vulnerable Areas and Local Plan Districts) (Scotland) Regulations 2010;
371. serving notices or other documents to be sent, served or given under the Flood Risk Management (Flood Protection Scheme, Potentially Vulnerable Areas and Local Plan Districts) (Scotland) Regulations 2010 or the Flood Risk Management (Scotland) Act 2009 in accordance with section 15 of the Flood Risk Management (Scotland) Act 2009;
372. in relation to the Braid Burn flood prevention scheme and the Water of Leith prevention scheme (which were confirmed under the Flood Prevention (Scotland) Act 1961) carrying out the powers and duties of the Council, including paying compensation under section 11 of the Flood Prevention (Scotland) Act 1961;
373. exercising the duties and powers of the enforcement authority and all duties of the reservoir undertaker (with respect to all reservoirs owned by the Council) under the Reservoirs Act 1975;

- 374. exercising the duties and powers of the Council in accordance with the Reservoirs (Scotland) Act 2011; and
- 375. carrying out the duties and powers of the coast protection authority in accordance with the Coast Protection Act 1949.

City Strategy and Economy

- 376. developing and advising on policies, strategies, programmes and projects for approval by Council or Committee in relation to economic development, external relations and inward investment, including working in partnership with external organisations (both public and private) that deliver economic development activities (including making financial contributions to these activities where appropriate by way of a loan or grant in accordance with criteria approved by Committee);
- 377. performing the Council’s functions in respect of the East of Scotland Investment Fund, including authorising loans subject to annual reporting to the Economy Committee;
- 379. allocating space within property managed by Economic Development to relevant partners and agreeing the terms of such arrangements;
- 380. making changes to the opening hours of buildings managed by Economic Development as required for operational or budgetary reasons;
- 381. altering or waiving (in whole or in part) charges of hire of property managed by Economic Development where there are sound financial, operational or other justifiable reasons for doing so, subject to annual reporting to the Economy Committee;

Culture

- 382. devising and implementing cultural, heritage and events programmes;
- 383. organising museum and gallery exhibitions;
- 384. altering or waiving (in whole or in part) charges for hire of properties managed by the Director of Culture where there are sound financial, operational or other justifiable reasons for doing so;

385. agreeing in principle and instructing the Executive Director of Resources to conclude temporary leases of property managed by the Director of Culture;
386. allocating space within property managed by the Director of Culture to relevant partners and agreeing the terms of any such arrangements, taking advice as necessary from other service areas, and bringing those arrangements to conclusions as required;
387. making such changes to the opening hours of buildings operated by the Director of Culture as are required for operational and budgetary reasons;
389. monitoring arms' length organisations which operate Culture facilities or services, or both, on the Council's behalf, including the Festival City Theatres Trust;
390. accepting and rejecting gifts or bequests to the Council's museums and galleries;
391. lending any object in the Council's museum and gallery collections to any gallery, museum or exhibition in accordance with section 7 of the Edinburgh District Council Order Confirmation Act 1991;
392. making recommendations and taking action on the purchase of museum and gallery objects in accordance with Council Policy;
393. commenting on the impact of planning applications on Edinburgh's archaeology and historic environment in accordance with the Scottish Planning Policy (SPP) and accompanying Planning Advice Note (PAN 2/2011), and the Town and Country Planning (Development Management Procedure) (Scotland) Regulations 2008;
394. establishing Friends and other groups to support the work of the service area;

- 395. contributing up to £10,000 from the Jean F Watson Bequest trust funds to secure the purchase of any single work of art in accordance with the purposes of the trust, in consultation with the Convener of the Committee on the Jean F Watson Bequest;
- 396. buying individual items valued up to £1,000 for the Museum of Childhood collection using the Catherine E Cowper Trust's funds;

Public Safety

- 397. administering and issuing Safety Certificates and Special Safety Certificates, and carrying out inspection and enforcement duties relating to such certificates, for Designated Stadia and Regulated Stands in accordance with the Fire Safety and Safety of Places of Sports Act 1987, the Safety of Sports Grounds Act 1975 and the Safety of Places of Sports Regulations 1988; and
- 398. administering and issuing permits, and carrying out inspection and enforcement duties relating to such permits, for raised structures built to accommodate people under section 89 of the Civic Government (Scotland) Act 1982.

APPENDIX 6
DELEGATION TO THE HEAD OF SAFER AND STRONGER
COMMUNITIES/CHIEF SOCIAL WORK OFFICER

- ~~1. Carrying out the Council's duties as a landlord under section 30 of the Housing (Scotland) Act 1988.~~
- ~~2. Carrying out assessment to determine homelessness or the threat of homelessness and discharging the Council's duties in respect of those assessed as either being homeless or under threat of homelessness.~~
- ~~3. Carrying out spot purchases of accommodation, including bed and breakfast for homeless temporary accommodation or emergency accommodation.~~
- ~~4. Entering into leasing agreements with registered social landlords for homeless, temporary or emergency accommodation.~~
- ~~5. Carrying out repairs to white goods and furnishings in homeless, temporary or emergency accommodation and core furnished tenancies.~~
- ~~6. Kennelling pets for households staying in homeless, temporary or emergency accommodation.~~
- ~~7. Determine who receives housing support in line with Council policies.~~
- ~~8. Provide advice, guidance and assistance on debt, welfare rights and income maximisation.~~
- ~~9. undertaking housing offender management (sex and serious violent offenders);~~

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APPENDIX

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CHIEF PLANNING OFFICER

These are the functions referred to in paragraph 11 of the Scheme:

Planning policy

1. responding directly to consultations on development plans, planning applications, environmental assessments and planning guidance from neighbouring authorities at any stage in the process unless the Chief Planning Officer considers that:
 - (a) the consultation raises a significant planning issue (which may include transport and other infrastructure matters) for the Council which should be drawn to the attention of the consulting authority;
 - (b) the consultation raises a matter which is potentially controversial or likely to be of significant public interest; or
 - (c) the Council should formally object to a proposed development plan;
2. responding directly to planning related consultations from the Scottish Government and Government Agencies unless the Chief Planning Officer considers that:
 - (a) the consultation raises a significant planning issue for the Council which should be drawn to the attention of the Scottish Government/Government Agency; or
 - (b) the consultation raises a matter which is potentially controversial or likely to be of significant public interest;
3. determining whether a qualifying plan, programme or strategy, which is being prepared or modified, requires environmental assessment in accordance with the Environmental Assessment (Scotland) Act 2005 and to undertake environmental assessment where necessary, including preparing an environmental report and carrying out consultations;

Local Development Plan Preparation

- 4 considering the Local Development Plan Report of Examination, save where:
 - (a) grounds set out in the Town and Country Planning (Grounds for Declining to Follow Recommendations) (Scotland) Regulations 2009 are engaged.
- 5 Publishing the Local Development Plan as modified after examination

Planning applications etc.

6. determining applications (including retrospective applications) for planning permission, planning permission in principle, approval of matters specified in conditions, listed building consent, conservation area consent and consent to display an advertisement, provided that:

- (a) the decision is in accordance with the statutory development plan (Strategic Development Plan and Local Development Plan);
- (b) conditions added by the Development Management Sub-Committee are not removed or amended;
- (c) where approval is recommended, not more than six material objections have been received from third parties except where the application is for listed building consent conterminous with an associated householder development;
- (d) where approval is recommended and the application is for listed building consent conterminous with an associated householder development, not more than 20 material objections or a petition have been received from third parties;
- (e) where refusal is recommended, not more than 20 material representations in support of the proposals have been received from third parties;
- (f) where a petition has been submitted properly headed with material planning considerations, it has not more than 20 signatures of objection in relation to recommendations for approval and not more than 20 signatures of support in relation to recommendations for refusal, other than those cases relating to paragraph 6(d);
- (g) Objections from statutory consultees, including community councils, are resolved in relation to applications recommended for approval and there are no outstanding support comments from community councils in relation to applications recommended for refusal.
- (h) the application does not fall within the definition of national developments as set out in the Town and Country Planning (Hierarchy of Developments) (Scotland) Regulations 2009;
- ~~(i) where the application falls within the definition of local development as set out in the Town and Country Planning (Hierarchy of Developments) (Scotland) Regulations 2009 but is not subject to the terms of the Council's statutory scheme of delegation for local developments;~~
- (ji) there is no legal agreement required in connection with the

application where the financial value of the matters secured in the agreement will be in excess of, or estimated to be in excess of, £250,000, or where by virtue of any policy or non-statutory guidance on developer contributions there is a requirement to be met and, for whatever reason, that requirement is not being fully met;

(ki) no elected member has requested referral of the application to the Development Management Sub-Committee for material planning reasons, within 21 days, as set out in the relevant guidance note for elected members;

(lk) the application is not submitted by, or on behalf of, the Council (except for the approval of routine minor developments);

(ml) the application is not submitted by, or on behalf of, an elected member of the Council or by his/her partner, close

friend or relative;

- (n) the application is not submitted by, or on behalf of, an officer involved in the statutory planning process, or by their partner, close friend or relative;
- (o) the application is not for Hazardous Substance Consent;
- (p) the Chief Planning Officer does not consider the application to be controversial or of significant public interest, or as having a significant impact on the environment; and
- (q) the application does not meet the criteria approved by the Planning Committee for a hearing by the Development Management Sub-Committee;

7. determining applications for certificates of lawful use or lawful development under sections 150 and 151 of the Town and Country Planning (Scotland) Act 1997 and applications for certificates of appropriate alternative development, provided that:

- (a) the application does not raise a significant planning matter, leading to advice to refuse or to object;
- (b) the Chief Planning Officer does not consider the application to be potentially controversial, or likely to be of significant public interest, or as having a significant impact on the environment;
- (c) the application does not fall within the definition of national developments as set out in the Town and Country Planning (Hierarchy of Developments) (Scotland) Regulations 2009;
- (d) no elected member has requested referral of the application to the Development Management Sub-Committee for material planning reasons, within 21 days, as set out in the relevant guidance note for elected members;
- (e) the application is not submitted by, or on behalf of, the Council (except for the approval of routine minor developments);
- (f) the application is not submitted by, or on behalf of, an elected member of the Council or by his/her partner, close friend or relative;
- (g) the application is not submitted by, or on behalf of, an officer involved in the statutory planning process, or by their partner, close friend or relative; and
- (h) the application does not meet the criteria approved by the Planning Committee for a hearing by the Development

Management Sub-Committee;

8. determining whether or not an application for planning permission will need to be accompanied by an Environmental Impact Assessment Report and responding to requests for any associated scoping opinion;
9. issuing an opinion in respect of a Pre-Application Screening request;
10. deciding whether the method of consultation is acceptable or more is needed in respect of a Proposal of Application Notice;
11. deciding whether or not to decline to determine a repeat application for planning permission in any of the circumstances set out in Section 39 of the Town and Country Planning (Scotland) Act 1997;
12. signing a processing agreement in respect of a major application as defined in the hierarchy of development;
13. promoting a direction altering the duration of a planning consent;
14. determining whether a change to a granted planning application is material or not or whether changes are substantial;
15. deciding whether or not full details of a proposed agricultural building require to be submitted;
16. deciding whether or not full details of a proposed forestry building require to be submitted;
17. deciding whether or not full details of proposed buildings by gas and electricity undertakings, solely for the protection of plant and machinery, are required;
18. deciding whether or not, in the case of proposed demolition of residential property, to require a formal submission;
19. deciding whether or not, in the case of proposed toll facilities on toll roads, to require a detailed submission;
20. determining painting and sundry minor works requiring permission by reason of an Article 4 Direction;
21. determining that alterations to a listed building do not require Listed Building Consent
22. determining whether works or a change of use constitute permitted development;
23. determining the display of advertisements;

Enforcement action

24. acting as proper officer in terms of the signing and service of decision notices, enforcement notices and related notices under section 193 of the Local Government (Scotland) Act 1973 and appointing appropriate

officers to prepare, sign and serve such notices on his behalf;

25. initiating, progressing, servicing notices and concluding enforcement action, interdict

action or direct action in connection with the following, provided that any significant case, or cases where it is in the public interest to do so, shall be reported to the Development Management Sub-Committee for consideration:

- (a) Planning Contravention Notices;
- (b) Enforcement Notices, including those relating to listed building and advertisements;
- (c) advertisement discontinuation procedures;
- (d) reporting to the procurator fiscal;
- (e) Breach of Condition Notices;
- (f) Amenity Notices;
- (g) Stop Notices;
- (h) Temporary Stop Notices;
- (i) Fixed Penalty Notices;
- (j) Hazardous Substances Contravention Notices;
- (k) Tree Replacement Notices;
- (l) prosecution in respect of the above as necessary and the giving of evidence in court; and
- (m) powers of entry;

26. carrying out the following functions provided that any significant cases, or cases where it is in the public interest to do so, are reported to the Development Management Sub-Committee for consideration:

- (a) withdrawing, relaxing, or varying an enforcement notice (section 129 of the Town and Country Planning (Scotland) Act 1997);
- (b) undertaking work required by an enforcement notice and recovering the costs (section 135 of the Town and Country Planning (Scotland) Act 1997);
- (c) serving notices in case of compliance or non-compliance with planning consent (section 145 of the Town and Country Planning (Scotland) Act 1997);
- (d) lodging an interdict restraining a breach of planning control to the Court of Session/Sheriff Court (section 146 of the Town and Country Planning (Scotland) Act 1997);
- (e) undertaking work required by non-compliance with a listed building enforcement notice (Town and Country Planning

(Scotland) Act 1997 and section 38 of the Town and Country Planning (Listed Buildings and Conservation Areas) (Scotland) Act 1997);

- (f) serving section 270 Notices and Planning Contravention Notices;
- (g) determining whether or not it is expedient to take no further action in respect of a breach of control, having regard to the provisions of the development plan and other material planning considerations;
- (h) after the service of a notice, taking all necessary subsequent steps to bring the matter to an acceptable conclusion;
- (i) instituting any necessary action to remove or obliterate placards or posters which are displayed in contravention of the Town and Country Planning (Control of Advertisements) (Scotland) Regulations 1984 and the Town and Country Planning (Scotland) Act 1997;
- (j) undertaking and enforcing the procedures requiring developers to inform the Council of the initiation and completion of developments and in relation to the display of notices indicating the development being carried out; and
- (k) issuing and enforcing notices requiring the owner of land, where planning permission has not been granted but development has been carried out, to make an application for planning permission;

Landscape

- 27. making ~~provisional~~ Tree Preservation Orders (with the Planning Committee approving the final order taking into account objections or representations received);
- 28. authorising or refusing the felling, pruning, topping, lopping of trees or the carrying out of other prohibited works to trees protected by Tree Preservation Orders (including the imposition of ~~replanting~~ conditions as appropriate);
- 29. determining notifications for the felling, pruning, topping, lopping of trees or the carrying out of other prohibited works to trees in conservation areas;
- 30. serving, progressing, and concluding actions in respect of tree replacement notices, including any necessary follow up direct action;
- 31. investigating unauthorised works to protected trees and reporting offences to the Procurator Fiscal where considered appropriate;
- 32. considering and determining all applications in respect of high hedge notices, taking any subsequent enforcement or other action and

exercising powers of entry and other supplementary powers in accordance with the High Hedges (Scotland) Act 2013 provided that any significant cases, or cases where it is in the public interest to do so, are reported to the Development Management Sub-Committee for consideration;

Appeals

33. determining what response should be made to the Directorate of Planning and Environmental Appeals in the case of appeals submitted in respect of the non-determination of an application and where the application could otherwise have been dealt with under delegated powers;

Legal Agreements

34. entering into a legal agreement with a developer, provided that:

- (a) the agreement complies with the terms of government guidance, relevant development plan policies and supplementary guidance on developer contributions; and
- (b) does not involve a financial sum or other contributions of a value exceeding £250,000;

35. entering into a discharge of a legal agreement granting partial or full discharge of the relevant party's obligations on the due performance by that party of such obligations;

36. modifying a legal agreement with the relevant party provided that:

- (a) the terms of the modifications comply with the terms of government guidance, relevant development plan policies and supplemental guidance on developer contributions; and
- (b) it does not involve reducing the financial sum or other contributions in the legal agreement;

37. extending the six month period for concluding a legal agreement to nine months, provided meaningful progress is being achieved

Miscellaneous

38. authorising Powers of Entry to land for any purpose (especially surveying) relating to the preparation of a development plan and general planning controls (sections 269 & 270 of the Town and Country Planning (Scotland) Act 1997);

39. allocating new street numbers and, in consultation with the appropriate local ward councillors, changing street numbers and naming new streets;

40. requiring proper maintenance of land affecting listed buildings or

conservation areas and to undertake necessary work and recover costs

in cases of non-compliance (sections 135 and 179 of the Town and Country Planning (Scotland) Act 1997 and the Town and Country Planning (Listed Buildings and Conservation Areas) (Scotland) Act 1997); and

Flooding

41. requesting advice from SEPA as to flood risk under section 72 of the Flood Risk Management (Scotland) Act 2009.

APPENDIX

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STATUTORY FUNCTIONS AND STATUTORY OFFICERS

<u>Statutory Function</u>	<u>Legislation</u>	<u>Officer</u>
Agricultural Analyst/Depute Agricultural Analyst	section 67(3) of the Agriculture Act 1970	Scientific Bereavement and Registration Service Senior Manager and Operation Manager – Public Analyst
Assessor	section 27 of the Local Government etc. (Scotland) Act 1994	Assessor of the Lothian Valuation Joint Board
Chief Inspector of Weights and Measures	section 72 of the Weights and Measures Act 1985	Licensing and Trading Standards Service Manager
Inspector of Weights and Measures	Section 72 of the Weights and Measures Act 1985	Certain officers appointed by the Chief Inspector of Weights and Measures from time to time.
Chief Social Work Officer	Social Work (Scotland) Act 1968	Chief Social Work Officer
Chief Education Officer	Education (Scotland) Act 2016	Chief Education Officer
Counting Officer	Parties, Elections and Referendums Act 2000	Chief Executive
Data Protection Officer	37-39 of General Data Protection Regulations	Information Governance Manager
Dog Catcher	section 149 of the Environmental Protection Act 1990	Dog Warden

Appendix 7 – Statutory Functions and Statutory Officers

Food Examiner	Section 30 of the Food Safety Act 1990	Scientific Bereavement and Registration Service Senior Manager and Operation Manager – Public Analyst
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Appendix 7 – Statutory Functions and Statutory Officers

Head of Paid Service	section 4(1) of the Local Government and Housing Act 1989	Chief Executive
Mental Health Officers	section 32 of the Mental Health (Care and Treatment)(Scotland) act 2003	Certain social workers as appointed by the Chief Social Work Officer from time to time.
Monitoring Officer	section 5(1) of the Local Government and Housing Act 1989	Head of Legal and Risk
Public Analyst	sections 27 and 30 of the Food Safety Act 1990	Scientific Bereavement and Registration Service Senior Manager and Operation Manager – Public Analyst
Registrar of Births, Deaths and Marriages	section 7 of the Registration of Births, Deaths and Marriages (Scotland) Act 1965	Chief Registrar/ Registration Services Manager
Returning Officer	Sections 25 and 41 of the Representation of the People Act 1983	Chief Executive

APPENDIX
28
PROPER OFFICER FUNCTIONS

<u>Proper Officer Function</u>	<u>Legislation</u>	<u>Officer</u>
Declaration of acceptance of office	section 33A of the Local Government (Scotland) Act 1973	Head of Strategy and Communications
Resignation of office by a member	section 34 of the Local Government (Scotland) Act 1973	Head of Strategy and Communications
Circulating reports and agendas, supplying papers to the press and, where necessary, providing summaries of minutes	sections 50B(2), 50B(7) and 50C(2) of the Local Government (Scotland) Act 1973	Head of Strategy and Communications
Compilation of background papers for inspection	section 50D of the Local Government (Scotland) Act 1973	All Executive Directors, Chief Executive and Head of Safer and Stronger Communities/ CSWO
Members' rights of access to documents which enclose "exempt information"	section 50F (2) of the Local Government (Scotland) Act 1973	Chief Executive
Transfer of securities on alteration of area etc.	section 92 of the Local Government (Scotland) Act 1973	Executive Director of Resources
Financial Administration	section 95 of the Local Government (Scotland) Act 1973	Head of Finance
Education endowments	section 128 of the Local Government (Scotland) Act 1973	Head of Legal and Risk
Ordnance Survey	section 145 of the Local Government (Scotland) Act 1973	Executive Director of Resources

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Appendix 8 – Proper Officer Functions

Service of legal proceedings etc.	section 190 of the Local Government (Scotland) Act 1973	Head of Legal and Risk
Claims in sequestrations and liquidations	section 191 of the Local Government (Scotland) Act 1973	Executive Director of Resources
Authentication of documents and execution of deeds	sections 193 and 194 of the Local Government (Scotland) Act 1973 and the Requirements of Writing (Scotland) Act 2005	Executive Director of Resources and Head of Legal and Risk
Inspection and deposit of documents	section 197 of the Local Government (Scotland) Act 1973	Executive Director of Resources and Head of Legal and Risk
Procedure for byelaws	sections 202 and 204 of the Local Government (Scotland) Act 1973	Executive Director of Resources and Head of Legal and Risk
Roll of honorary freemen	section 206 of the Local Government (Scotland) Act 1973	Head of Strategy and Communications
Notice of Meeting	Schedule 7 of the Local Government (Scotland) Act 1973	Head of Strategy and Communications
Politically restricted posts	section 2 of the Local Government and Housing Act 1989	Executive Director of Resources
Maintaining the register of members' interests	Regulation 6 of the Ethical Standards in Public Life etc. (Scotland) Act 2000 (Register of Interests) Regulations 2003	Head of Strategy and Communications

APPENDIX
199
LIST OF LEGISLATION

Part A

1. Animal Boarding Establishments Act 1963;
2. Animal Health and Welfare (Scotland) Act 2006;
3. Breeding of Dogs Act 1973;
4. Cinemas Act 1985;
5. City of Edinburgh District Council Order Confirmation Act 1991;
6. Civic Government (Scotland) Act 1982;
7. Dangerous Wild Animals Act 1976;
8. Deer (Scotland) Act 1996;
9. Housing (Scotland) Act 2006;
10. Hypnotism Act 1952;
11. Performing Animals (Regulation) Act 1925;
12. Pet Animals Act 1951;
13. Petroleum (Transfer of Licences) Act 1936;
14. Riding Establishments Acts 1964 and 1970;
15. Theatres Act 1968; and
16. Zoo Licensing Act 1981.

Part B

1. Accommodation Agencies Act 1953;
2. Agriculture Produce (Grading and Marking) Acts 1928 and 1931;
3. Agriculture Act 1970;
4. Agriculture (Miscellaneous Provisions) Act 1968;

Appendix 9 – List of Legislation

5. Animal Boarding Establishments Act 1963;
6. Animal Health Act 1981;
7. Animal Health and Welfare (Scotland) Act 2006;
8. Breeding and Sale of Dogs (Welfare) Act 1999;
9. Breeding of Dogs Act 1973 and 1991;
10. Burial Grounds (Scotland) Act 1855;
11. Children and Young Persons (Protection from Tobacco) Act 1991;
12. Church of Scotland (Property and Endowment) Act 1925;
13. Cinemas Act 1985;
14. Civic Government (Scotland) Act 1982;
15. Civil Partnership Act 2004;
16. Clean Air Act 1993;
17. Control of Dogs (Scotland) Act 2010;
18. Consumer Credit Act 1974;
19. Consumer Protection Act 1987;
20. Cremation Acts 1902 and 1952;
21. Cremation (Scotland) Amendment Regulations 2003;
22. Dangerous Wild Animals Act 1976;
23. Development of Tourism Act 1969 (sections 17 and 18);
24. Dog Fouling (Scotland) Act 2003;
25. Education Reform Act 1988 (section 215);
26. Energy Conservation Act 1981 (section 20);
27. Environment and Safety Information Act 1988;
28. Estate Agents Act 1979;

Appendix 9 – List of Legislation

29. European Communities Act 1972 (section 2(2));
30. Explosives Act 1875 (sections 74 and 78);
31. Fair Trading Act 1973;
32. Food and Environment Protection Act 1985 (sections 19(1B) and (1C));
33. Hallmarking Act 1973;
34. Housing (Scotland) Act 1987, Parts IV, V, VII and VIII
35. International Health Regulations 2005;
36. Marriage (Approval of Places) (Scotland) Regulations 2002;
37. Marriage (Scotland) Act 1977;
38. Medicines Act 1968;
39. Performing Animals (Regulation) Act 1925;
40. Pet Animals Act 1951;
41. Petroleum (Consolidation) Act 1928 (section 17);
42. Poisons Act 1972;
43. Prevention of Damage by Pests Act 1949;
44. Prices Act 1974 and 1975;
45. Private Rented Housing (Scotland) Act 2011;
46. Property Misdescriptions Act 1991;
47. Public Health (Aircraft) (Scotland) Regulations 1971;
48. Public Health (Ships) (Scotland) Regulations 1971;
49. Rent (Scotland) Act 1984;
50. Road Traffic (Vehicle Emissions) (Fixed Penalty) (Scotland) Regulations 2003);
51. Sewerage (Scotland) Act 1968;

52. Single Use Carrier Bags Charge (Scotland) Regulations 2014;
53. Telecommunications Act 1984 (section 30);
54. Theatres Act 1968;
55. Timeshare Act 1992;
56. Trade Descriptions Act 1968;
57. Trade Marks Act 1994;
58. Video Recordings Acts 1984 and 1993;
59. Water (Scotland) Act 1980;
60. Water Services etc. (Scotland) Act 2005;
61. Weights and Measures Act 198

Scheme of Delegation to Officers

Appendix of Changes

Appendix	Existing paragraph	New paragraph	Proposed Change	Reason	Directorate
	1.7	1.7	Deletion of Head of Safer and Stronger Communities / CSWO	No longer a direct report to the CEO and not an Executive Director.	Communities and Families
	2.3	2.3	Deletion of Head of Safer and Stronger Communities / CSWO	No longer a direct report to the CEO and not an Executive Director.	Communities and Families
	2.4	2.4	Deletion of Head of Safer and Stronger Communities / CSWO	No longer a direct report to the CEO and not an Executive Director.	Communities and Families
	3.2	3.2	Deletion of Head of Safer and Stronger Communities / CSWO	No longer a direct report to the CEO and not an Executive Director.	Communities and Families
	3.3	3.3	Deletion of Head of Safer and Stronger Communities / CSWO	No longer a direct report to the CEO and not an Executive Director.	Communities and Families
	3.11	3.11	Deletion of Head of Safer and Stronger Communities / CSWO	No longer a direct report to the CEO and not an Executive Director.	Communities and Families
	3.14	3.14 c	Exclusion of Pension Group funds from major projects requirement	Reflects current practice	Resources
	3.15	3.15	Amend title of Head of Strategy and Insight to Head of Strategy and Communications	Role title changed on an interim basis by decision of Full Council.	Chief Executive

Appendix	Existing paragraph	New paragraph	Proposed Change	Reason	Directorate
	4.1	4.1	Amended text to reflect the fact that the Head of Paid Service is a statutory officer of the Council.	To reflect correct statutory designation more clearly.	Chief Executive
	4.2 i, j and K	Appendix 2 – 97, 98 and 99	Amend these sections to transfer these responsibilities to the Executive Director of Communities and Families as the line manager of the Safer and Stronger Communities Division / CSWO.	These duties and responsibilities have been transferred under the management of the Executive Director of Communities and Families.	Communities and Families
	5.1	5.1	Deletion of Head of Safer and Stronger Communities / CSWO	No longer a direct report to the CEO and not an Executive Director.	Communities and Families
	7.1	7.1	Updated content to reflect duties / responsibilities of the Resources Directorate.	Wording does not accurately reflect the remit of the directorate.	Resources
	10	10	Paragraph 10 needs revisited to correctly reflect that the Head of Safer and Stronger Communities / CSWO does not have the same delegated authority as an Executive Director.	No longer a direct report to the CEO and not an Executive Director.	Communities and Families
Appendix 1	Title	Title	Amend these sections to transfer these responsibilities to the Executive Director of Communities and Families as the line manager of the Safer and Stronger Communities Division / CSWO.	These duties and responsibilities have been transferred under the management of the Executive Director of Communities and Families.	Communities and Families
Appendix 1	11	11	Added a section to make clear approval in accordance with Council's policy and procedures.	To ensure attendance at conferences and development activities	All

Appendix	Existing paragraph	New paragraph	Proposed Change	Reason	Directorate
				comply with Council travel and other policies.	
Appendix 1	13	13	Amended text to make clear “pay and terms and conditions of service”	Correct terminology from a contractual perspective.	All
Appendix 1	14	14	Amended text to make clear “policy, procedures and guidance” for accuracy.	Correct terminology from a governance perspective.	All
Appendix 1	14 (d) and (e)	14 (d) and (e)	Amended to occupational sick pay for (d) and approval of payroll deductions and the recovery of overpayments (e)	Correct terminology from a contractual perspective.	All
Appendix 1	16	16	Amended title to Staff Wellbeing and text to: implementing the Council’s Wellbeing Strategy and Policy for staff and associated arrangements;	Correct terminology and ensures no duplication with Health and Safety.	All
Appendix 2	22	22	Text needs amended to make clear that the leasing of community centres is the responsibility of Communities and Families, not Resources.	Correct allocation of responsibility.	Communities and Families.
Appendix 2	31, 32	Not applicable.	Check if this is the responsibility of Communities and Families or Resources, given that School Catering and the Catering Service generally, including nutritional standards is set by Resources.	Correct allocation of responsibility.	Resources.
Appendix 3	4	4	Amending text to make clear reporting is to the Finance and Resources Committee, not Council.	Correct terminology from a governance perspective.	Resources.
Appendix 3	8 (a)	8(a)	Amending text to make clear all elements of pay, remuneration and expenses to all employees	Correct terminology from a contractual perspective	Resources
Appendix 3	7	7	Replace “service area” terminology with “directorate/division”.	Correct terminology from a governance perspective.	Resources.
Appendix 3	Title	Title	Replace Customer Services and Digital Services with Customer and Digital Services	Correct terminology from a governance perspective.	Resources.

Appendix	Existing paragraph	New paragraph	Proposed Change	Reason	Directorate
Appendix 3	Title	Title	Replace Investment and pensions with Lothian Pension Fund Group	Correct terminology from a governance perspective.	Resources.
Appendix 6	All	Appendix 2 – 88 -96	Delete and move to Executive Director of Communities and Families	These duties and responsibilities have been transferred under the management of the Executive Director of Communities and Families.	Communities and Families
Appendix 6	6 (i)	n/a	Delete paragraph	Ensure consistency with Planning applications Scheme of Delegation	Place
Appendix 7	25	25	Add 'serving notices'	Ensure consistency with Planning applications Scheme of Delegation	Place
Appendix 7	27	27	Remove 'provisional'	Ensure consistency with Planning applications Scheme of Delegation	Place
Appendix 7	28	28	Remove 'replanting'	Ensure consistency with Planning applications Scheme of Delegation	Place
Appendix 9	Proper Officer functions	Proper Officer functions	Compilation of background papers – removal of Head of Safer and Stronger Communities.	No longer a direct report to the CEO and not an Executive Director.	All

The City of Edinburgh Council

10.05am, Thursday, 27 June 2019

Annual Performance Report, 2018/19

Executive
Wards
Council Commitments

1. Recommendations

- 1.1 That Council notes the contents of the Annual Performance Report, 2018/19 (Appendix A) and that this year marks a different approach from previous years, as set out in this report.
- 1.2 That Council accepts the proposed 2019/20 performance reporting cycle.

Andrew Kerr

Chief Executive

Contact: Laurence Rockey, Head of Strategy and Communications

E-mail: laurence.rockey@edinburgh.gov.uk | Tel: 0131 469 3493

Annual Performance Report, 2018/19

2. Executive Summary

- 2.1 Each year the Council is required to report to citizens on performance. This report fulfils that duty for the year ending 2018/19.
- 2.2 This report also sets out the proposed performance reporting cycle going forward for 2019/20.

3. Background

- 3.1 As with all local authorities, the Council report's annually on service performance. Following on from last year's report, an enhanced approach has been developed, which continues to measure performance with numerical indicators, but provides members and citizens with a more rounded and wider view of service area performance in 2018/19.
- 3.2 This approach ensures transparency in performance reporting, whilst strengthening our compliance with our statutory reporting requirements to improve local public services and local outcomes as set out by the Accounts Commission, [Statutory Performance Indicators Direction 2015](#).

4. Main report

How does this approach differ from last year?

- 4.1 In the period 2017/18, reporting of service area performance was centred on 60 key performance indicators (KPIs). Whilst KPIs report on in-year service delivery, they have some limitations, as they do not on their own provide a comprehensive overview of all that the Council delivers.
- 4.2 The performance information provided in this year's Annual Performance Report seeks to enhance citizens understanding of the role of the Council and to demonstrate the reach and depth of services and their performance.

- 4.3 The intention is to help the wider public translate the Council's performance in delivering local services, in a way that relates to the services they receive, whilst not diluting the importance of KPIs, which remain in the report.
- 4.4 Indeed, the KPIs have been enhanced this year with a wider suite (from 60 to over 80) covering more areas of service delivery.
- 4.5 Our Annual Complaints Report 2018/19 has also been included (accessed via hyperlink) within the Annual Performance Report 2018/19, and forms part of our suite of performance information.

Performance Scrutiny, 2019/20

- 4.6 It is proposed that:
 - 4.6.1 the enhanced KPIs will be brought to Corporate Policy and Strategy for scrutiny by Convenors and Vice Convenors every six months
 - 4.6.2 that the annual performance report remains centered on demonstrating the reach and depth of services and their performance
 - 4.6.3 KPIs will continue to be scrutinised by the Corporate Leadership Team via internal Directorate Performance Scorecards on a quarterly basis.
- 4.7 This will ensure compliance with our statutory reporting as set out by the Accounts Commission, [Statutory Performance Information 2018 Direction](#).

5. Next Steps

- 5.1 The Annual Performance Report, 2018/19 will be published on the Council website and promoted through our social media channels.

6. Financial impact

- 6.1 Given that this report is retrospective, there is neither a financial nor procurement impact.

7. Stakeholder/Community Impact

- 7.1 A communications plan has been put together to promote the Annual Performance Report both within the Council and externally.

8. Background reading/external references

- 8.1 [Programme for the Capital - The City of Edinburgh Council Business Plan 2017-22](#), The City of Edinburgh Council, 24 August 2017

Appendices

Appendix A: Annual Performance Report, 2018/19



ANNUAL PERFORMANCE 2018/19



Foreword



Adam McVey
Council Leader



Andrew Kerr
Chief Executive

We're delighted to present our Annual Performance Report, allowing us to share the Council's progress and achievements in 2018/19 with the people of Edinburgh.

We want everyone to benefit from Edinburgh's success and this year's Performance Report brings to life the Council's important role in this. We're proud to lead this organisation and to play our part in ensuring Edinburgh remains a fantastic place in which to live, work and visit.

This report demonstrates our ongoing commitment to protecting and investing in the services that matter most to our residents. Education remains a priority and, over the past 12 months, we have continued to lay the groundwork for the expansion of the early years programme, which will provide 1,140 funded nursery hours by August 2020. We remain focused on raising attainment levels for our 50,000 pupils and making sure they go on to positive destinations after school. The growing needs of our city means that our learning estate must expand and modernise – and we are making significant investments in new schools and additional classrooms.

We also took a crucial decision around Edinburgh's future growth and prosperity: the decision to proceed with taking trams to Newhaven will help our economy to grow sustainably as more than 100,000 new residents call our city home over the next two decades.

This report also highlights the areas in which we need to improve. We experienced a difficult period when we introduced new collection rotas and other changes to our waste service late last year. Performance has improved significantly in recent months – as it has in Health and Social Care – but the bottom line is that we must sustain the consistently high standard of service that our residents expect and deserve.

Addressing the consequences of poverty continues to be one of our biggest challenges facing the city. Too many of our residents' lives are affected by not having the resources they need to support themselves and their families. We are determined to tackle this - in November, we launched the independent Poverty Commission, tasked with defining the steps the city must take to reduce and prevent poverty.

We're proud of the positive impact the Council has on this wonderful city and, while there are inevitably challenges for us to overcome, we'll continue to work hard to ensure that all residents can share in Edinburgh's success.



Contents

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- Prevention and early intervention 4
- High quality services 8
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- Delivering effective and efficient corporate services..... 18
- Performance reporting 20
- Communities and partners 21
- Celebrating success 22
- KPI scorecard..... 23



Strategic overview

The City of Edinburgh Council delivers hundreds of services every year for the residents of our city, everything from collecting our bins and building new homes, to making sure our children receive the right start in life and the education they deserve. This annual report looks back on how we did in 2018/19 and brings together the key data we use to manage services.

There are two key documents which have guided our work. [The Programme for the Capital](#) is our Business Plan and sets our strategic direction over the period of this administration, 2017 - 2022. This includes the 52 Commitments that the Coalition will deliver between 2017-2022. You can read more about our progress in delivering them throughout this document, but also in more detail in our Annual Commitments Report.

The [Change Strategy](#) was published in February 2019. It sets out a long-term strategy for the next four years, representing an ambitious and necessary programme of work that not only speaks to the challenges we face now, but to our vision of the Edinburgh we want to see.

These documents aim to ensure that Edinburgh remains a successful, welcoming and caring city. We want every resident and every community to enjoy the great quality of life they expect from Scotland's capital city. To help guide us, we've broken this work down into the three themes that we are focusing on:

- targeting investment on prevention and early intervention to reduce long-term

reliance on services and allowing citizens to lead active, independent lives

- driving improvements to deliver the high-quality services that our citizens expect and deserve
- ensuring the growth of the city is sustainable and inclusive.

This annual performance report sets out a summary of our performance under these three themes, and also brings together data on how the council has managed its services in 2018/19. All our key performance indicators for 2018/19 are included in this report, along with data from the previous two years to provide a comparison.

This year will launch the [2050 Edinburgh City Vision](#). This will act as a unifying force to bring together powerful and influential organisations to help achieve what none could do individually. In 2018/19 we ran a campaign to let every resident have their say in what this should look like. Residents embraced this, and over 54,840 visions were received, which we are using to shape the launch of the Edinburgh 2050 City Vision in September 2019.



Prevention and early intervention

We support people to live healthier, longer, more independent lives and make sure that help is centred around the needs of the individual at the earliest possible stage. We want citizens to be actively involved in designing how their needs are met and to be able to respond quickly if these change.

Schools

We are responsible for educating over 50,000 children in our 88 primary schools and 23 secondary schools. In addition, we have 11 special schools and 96 early years schools. This year we continued to invest in our school buildings and, in August 2018, opened 30 new classrooms across ten primary schools as part of our **Rising School Rolls** project.

Edinburgh Learns

helping over 50,000 children reach their full potential

We are committed to raising the attainment for all pupils, especially our most vulnerable. Following a year-long project between council officers, partners, parents and headteachers, we introduced our [Edinburgh Learns strategy](#). This ensures headteachers have key strategic guidance and professional learning and resources to improve outcomes for our most vulnerable children and young people.

We have seen:

- an improving trend in our literacy and numeracy **Curriculum for Excellence** levels over the past three sessions in Primary 4, Primary 7 and Secondary 3

- the percentage of our school leavers attaining literacy and numeracy at SCQF levels 5 (66.7%) has increased year on year
- almost all our schools use **Pupil Equity Funding** to support the building of cultural, social and emotional capacity for children and young people experiencing poverty-related disadvantage
- our **1 in 5 Raising Awareness of Child Poverty training** has been delivered to over 90 schools, all of which are implementing and developing the recommended poverty-proofing approaches.

School leavers entering a positive destination

increased to 94.3% from 92.5%

We continue to work to ensure equality, diversity and human rights are recognised and supported. This year five of our secondary schools achieved the [LGBT Youth Scotland Charter Award](#) with many more working hard to so that their schools meet the needs of our LGBT young people.

Our young citizens continue to have an overview of the learning choices and pathways available to them. This approach has contributed to 94.3% of our school leavers moving into positive initial destinations, the highest on record for Edinburgh.

Early years

Availability of 1,140 hours
increased to 51% of settings from 29%

We are expanding provision for early learning and childcare to meet the Scottish Government target of 1,140 hours by August 2020.

- We currently offer increased funded hours to 3 to 4-year olds and eligible 2-year olds at 49 Council and 22 partner provider settings giving around 2,000 children access to increased funded hours.
- We have already recruited nearly half of the estimated 650 extra staff required to help us meet the target.
- Our **Early Learning and Childcare Academy** is training early years practitioners and supporting continuous professional learning for all staff.

We are also investing in buildings and facilities. These include:

- the new **Leith Primary School Nursery** which opened in May 2018
- **Tynecastle nursery**, delivered in partnership with Heart of Midlothian Football Club which opened in October 2018
- we expanded our popular **Forest Kindergarten's** with a new one opening in Cammo. This brings the total to three with others at Clifton Hall and Lauriston.

Support for learning and special schools

- Using the **Up Up and Away** resource in our nursery schools, we have helped children reach their developmental milestones.
- We offer support to parents of children showing distressed behaviour through the **Incredible Years** and **Triple P** parenting groups, including an **Autistic Spectrum Disorder (ASD) specific group**.
- We have also helped schools to set up **Nurture Classes** across the city. Over 200 staff have been trained in this approach which helps to address trauma associated with adverse childhood experiences.

Our **Wellbeing Academies** are training staff to deal with mental health and wellbeing issues. These have been established in 26 schools with 15 more planned.

Wellbeing Academies
established in 26 schools and rollout continues

To ensure we continue to address literacy difficulties and close the attainment gap for children and young people with additional support needs, we have updated our **Literacy and Dyslexia Guidelines** and, trained Support for Learning staff in every school.

Education Scotland's inspection activity across special schools indicates an improving picture. This year there has been one new inspection (Gorgie Mills) and three follow-through inspections. At the new inspection, outstanding practice in post-school transitions was highlighted.

We have also appointed three **new permanent Head Teachers** to enhance leadership in our special school sector.

We opened two new special classes in August 2018 for children with complex additional support needs starting school. We have another two planned for August 2019. Planning permission was also granted for the new **St Crispin's School** which is due to open in April 2021.

We look forward to the new **Royal Hospital for Children and Young People** opening in July 2019. Not only will this improve access to specialist staff and resources for children and young people with significant and/or long-term health conditions, it will also provide an enhanced learning environment for medical staff.

Children's services

- The number of our children on our Child Protection Register is at its lowest ever level, in part due to an inter-agency approach.
- The number of children who need to be Looked After has also reduced.
- We attribute this to specialist services, including a **restorative, strengths and relationships-based practice**, and our [Getting it Right for Every Child](#) approach.

In January, we opened **St Stephen's Court** to provide ten supported accommodation places for young people aged over 16. We are currently building the new Oxfangs service which is due to open in October 2019.

By reducing our need for secure accommodation, we have been able to sell part of our estate to NHS Lothian to create an **Equally Safe Multi-Agency Centre** which will improve services to child and adult victims of sexual and other assaults and abuse.

Young People's Hub

new one-stop integrated support centre opened this year

We opened our **Edinburgh Young People's Hub** at 249 High Street which allows us to provide better support for our care experienced young people through effective collaboration and creative approaches from our services and partner providers.

Our young people tell us they don't like attending multiple meetings, so the Hub hosts weekly drop-ins where they can access one-stop support from a range of services like housing, benefits advice, employment and health and wellbeing.

We want to get more young people involved in shaping services, so we have recruited two care experienced young people to work as participation and engagement officers. They will work closely with councillors and senior officers to put the voice of young people at the heart of decision making.

Our review of our **Disability Service** has led to significant improvements in the time taken to assess children. By co-locating the **Transitions Team and Disability Team**, we have improved the transition for young people with a disability into adult care. Communication with parents and carers has also been enhanced with the introduction of a closed Facebook group that is receiving over 2,000 interactions per month.

Homelessness

In 2018 our [Homeless Task Force](#) identified key actions required to address homelessness in the city.

Bed and breakfast use

we have reduced our use of B&B from over 650 to 123 beds this year

In response to the **Task Force** we:

- increased the number of furnished flats which we can use for temporary accommodation
- now offer people shared housing with cooking and laundry facilities instead of temporary bed and breakfasts
- this has helped to reduce the number of families and 16-17 years olds in temporary bed and breakfast accommodation.

Our aim is to prevent homelessness from happening in the first place, and this year we:

- provided extra funding to reduce the risk of losing properties from the **Private Sector Leasing scheme**
- started working with the Scottish Government and partner agencies to provide additional support for those sleeping rough This included providing beds and specific services to access services to help them on the road towards improving their lives
- created our **Rapid Rehousing Transition Plan** which will ultimately eliminate the need for temporary accommodation by increasing number of homes we have available to match the number of people becoming homeless each year
- launched our '**Housing First**' approach. This is an approach which has been successful in cities across the world in supporting people with multiple and complex needs, starting with intensive housing support.

Poverty Commission

Citizens living in poverty

we estimate that 16% of Edinburgh citizens live in relative poverty

In November we launched a new [Edinburgh Poverty Commission](#) to define the steps the city needs to take to reduce and prevent poverty in Edinburgh. The Commission is chaired by Jim McCormick of the **Joseph Rowntree Foundation** and made up of 12 people with experience of tackling poverty, including citizens with have lived

experience. An interim report is expected in summer 2019. You can [read more information on the project](#) on our website www.edinburgh.gov.uk/povertycommission

Edinburgh Health and Social Care Partnership

Care assessments

wait for non-urgent assessments reduced from 67 to 37 days

Care at Home Support

number of people waiting reduced from 988 to 480

Health and social care for adults is delivered by the **Edinburgh Health and Social Care Partnership (EHSCP)** which brings together Council and NHS staff and resources to deliver a caring, healthier and safer Edinburgh under the direction of the **Integration Joint Board (IJB)**. The IJB is a formal partnership between the City of Edinburgh Council and NHS Lothian. The partnership prioritises helping people wherever possible, to live their lives in their own community in their home or a homely setting, and upon prevention, early intervention and wellbeing

The EHSCP aims to respond quickly to work with people and to understand how they can best be supported at home or in a homely setting. As a result of actions taken this year citizens are waiting for a shorter time to have their needs identified. As of March 2019, our average waiting time for a non-urgent assessment was 37 days, reduced from a high of 67 days recorded in March 2018. Urgent cases remain a priority, with a 24-hour assessment timescale.

People delayed in hospital

The EHSCP are focused on care and support at home and across care settings and have had a particular focus on ensuring that when people are well enough to leave hospital, they can do so with the care they need. This may be through support at home or in a homely care setting.

At March 2019, 158 patients were delayed in hospital awaiting support to assist them out of acute care. This is a reduction on the 267 people delayed at March 2018 and is a result of a focus by the partnership on increasing the availability of care and improving care pathways and co-ordination across its services and in its partnership with acute hospitals in the city.

Care at home

This year the EHSCP, through the **Sustainable Community Support Programme**, have been working with care at home providers to support increased recruitment and reduced waiting times. As a result of this, the number of people waiting for care in their home, and the length of time people are waiting to receive care, has reduced. At March 2019, 480 people were waiting for a package of care, which is a reduction on the 988 at March 2018. Overall the partnership has been able to support a significant increase in the availability of care in the community in Edinburgh in partnership with our independent and third sector providers as well as the care services we run as a Council.

Balance of care

Balance of care 18+ years is largely unchanged 57.2% from 57.3% last year

Shifting the balance of care from a medical or residential setting to supporting more people at home is a priority of the EHSCP. The proportion of people receiving their care at home did not increase in 2018/19, due in part to the ongoing large demand for care which could not be fully addressed by care at home services. This is a key area in the partnership's developing strategic planning to ensure it can meet the increasing demand for support.

Partnership reporting

The EHSCP produce a separate **Annual Performance Report** for their governing body, the IJB, which will be published by **31 July 2019**.



High quality services

We take pride in providing high quality services to citizens. From collecting bins, to providing street lighting and housing, it is essential that these services are accessible to everyone. We are taking advantages of new technology to ensure that services make best value of public money.

Increasing the supply of affordable homes

New affordable homes

1,626 homes approved, up from 1,475

Our city continues to grow, and we are responding with an ambitious house building programme.

- Last year we approved the construction of 1,626 **new affordable homes** – a 25% increase on 2016/17.
- We are continuing to work in partnership with **Housing Associations** to accelerate the delivery of affordable housing and meet our ten-year commitment to deliver **20,000 new homes**.
- Currently, 2,300 affordable homes are under construction on 38 sites across the city.

New home grant funding

£53.1million this year- an additional £12 million

Most new affordable homes are delivered through our **Affordable Housing Support Programme**, which is funded by Scottish Government grants. This year, we successfully secured an additional £12 million in grant funding, bringing our total to £53.1million - a 29% increase on our original

funding allocation. All our grant money was spent in 2018/19.

Edinburgh Living, our new housing partnership with the [Scottish Futures Trust](#), welcomed its first tenants in January at the new Clermiston development. Built by our own housebuilding programme, the development has 22 homes for social rent, owned and managed by ourselves, and 22 homes for mid-market rent, purchased by the Edinburgh Living Partnership.

Investing in our Council homes and services

Energy efficient homes

Council homes meeting energy standards increased from 57% to 67%

We are investing to improve the **energy efficiency of our Council homes**:

- 67% of our homes now meet the **Energy Efficiency Standards for Social Housing** – a 10% increase on 2017/18
- we are continuing to invest in replacing bathrooms and kitchens that are over 20 years old and are on track to have this completed by 2020
- this year, 1,000 tenants are benefiting from a new kitchen or bathroom, 700 homes have new modern heating systems and 25 housing

blocks have new secure door entry systems or CCTV upgrades

- in 2018, we launched an energy advice service in our localities. Our **dedicated energy advisers** have met with over 800 tenants to provide advice and support to reduce fuel bills.

Our housing officers are supporting tenants to move to safer and more frequent forms of payment and ensuring rent is paid on time. Rent arrears amongst Council tenants have fallen this year to £5.7 million, a reduction of over £0.4m from 2017/18, despite the ongoing pressures on residents' incomes.

Waste services

We are committed to reducing the amount of waste we send to landfill.

Total waste collected

decreased by 1.3% to 207,157 tonnes

Waste sent to landfill

decreased from 95% to 67% of all non-recyclable waste

Over 1.9 million bins emptied every month

The population and number of households in Edinburgh continue to rise, but over the last four years we have produced less waste. This year we disposed of 207,157 tonnes of waste, 1.3% less than in 2017/18 (209,846 tonnes). However, there is more that we can do. The **Scottish Government has set an ambition to end landfill by 2021.**

- To ensure we deliver on this target, in April this year, we opened a **new state-of-the-art energy-from-waste facility at Millerhill.**
- This has already made a difference to how we manage the 110,000 tons of rubbish that citizens put into our grey bins each year.
- We reduced the amount of non-recyclable waste sent to landfill from 95% in 2017/18 to 67% in 2018/19.

- Next year we aim to send less than 5% of waste collected to landfill.

Recycling services

Waste recycled

has decreased from 42.6% to 41.1% of all waste collected

Our green bins collect waste which can be recycled.

- Our household recycling rates dropped from 42.6% in 2017/18 to 41.1% in 2018/19.
- The amount of material being rejected at the sorting plants increased in 2018/19.
- One reason for this is the increasingly challenging market conditions in the recycling sector.
- We are working with our reprocessing partners to reduce the amount of material that is rejected.

Garden waste

Our brown bins collect garden waste and in October 2018 we introduced a **chargeable garden waste service** to cover this service, which bring us into line with over 50% of UK local authorities. We now collect garden waste from 68,000 households. Residents can still use our household waste recycling centres for garden waste at no cost.

Waste collection

The way that we collect our bins has also changed, and this year we moved to a **new four-day week model.** Introducing one consistent shift and maximising day light collections gives us a number of benefits, which include health and safety improvements and increased route productivity.

We recognise however that the changes caused significant periods of disruption for some residents, and our performance in collecting bins on the scheduled day, particularly in the period from October 2018 to January 2019, was negatively affected. We were contacted an extra 10,786 times about individual missed bin collections in 2018/19 than we were in 2017/18. We recognise that was not an acceptable level of performance and have been working extremely hard to improve the service. This work is paying off, with performance improving significantly in recent months.

Communal services

Most residents living in flats and tenements use our communal services. This year, more of these residents contacted us to tell us that a bin was full or overflowing.

- We received 21,868 contacts in 2018/19, an increase from 15,155 in 2017/18.
- There are many factors which affect how often we empty communal bins and the speed at which these bins become full.
- We are **reviewing our operations and routing** of our communal service to improve this service for our residents.
- We have embarked on a **longer-term communal redesign project** to reshape the way in which the service is delivered.

Street cleaning

Street cleanliness

increased from 89% to 92% at streets at acceptable standard

We take pride in ensuring our streets are clean, and once a year their cleanliness is independently audited.

- This year 92% of assessed streets achieved a cleanliness score (LEAMS) of 'clean'.
- This is below our internal target of 95%, but an increase on 3% from the previous year.

This is in part due to **#ourEdinburgh** campaign, which encourages residents and visitors to keep our streets clean. In its third year, the campaign focuses on social responsibility and community participation to tackle litter, dog fouling, fly tipping and trade waste.

Some examples of **#ourEdinburgh** activities over the last year include:

- our **campaign to increase recycling** and reduce fly tipping at communal bins in the Murrayburn area in South West Edinburgh
- the **#ourMagdalene campaign to tackle dog fouling**, litter and fly tipping in north east Edinburgh
- joint **campaign with re-use hub [SHRUB](#)** to target student re-use and recycling
- a **festival campaign to tackle litter** in the city centre during peak tourist season.

Planning and building standards

We are committed to improving the planning services we offer our customers. Our performance on processing planning applications was below target in 2018/19. We are prioritising reducing the time it takes us to approve or reject applications and in 2018/19 have:

- put in place a **dedicated team to support improvements**
- recruited additional staff
- changed the way we work to reduce pressures in individual teams
- reviewed our processes and procedures to improve the speed and quality of the service we provide and reduce our decision-making timescales.

Our planning services continue to support major development within the city. **More new homes have been built in Edinburgh than in any other local authority area.**

- In the period April 2016 to March 2018, 4,033 new homes were built in the city – this is 600 more than in any other local authority area.
- Data for the first six months of 2018/19 shows that this upward trend is continuing.

Improvements we have made this year in **building standards**, means we are quicker in processing building warrants. This year, on average, we issued 80% of building warrants within 20 days. Whilst below our internal target of 95%, this is an improvement on the 60% we achieved in 2017/18. Our performance in issuing warrants within 10 days after all information is received also improved, from 44% in 2017/18 to 63% in 2018/19. However, we still need to improve to meet our target of 90%.

At the start of 2019, the Scottish Government awarded us building warrant verification for a further two years.

Roads

Our road network

we maintain 939 mile of roads in the city

Road condition index

36.4% of roads assessed as requiring repair (unchanged from last year)

We look after 939 miles of roads and in 2018/19:

- **we repaired over 35,000 potholes, damaged roads and pavements**
- we completed 95% of emergency repairs on time, but we fell short of our targets for non-emergency, five-day repairs.

We want to reduce our repair backlogs, fix our roads more quickly and increase customers satisfaction. We will do this by:

- creating a single service to manage, maintain and renew our roads
- giving customers clearer information
- improving how we inspect our roads and identify faults.

Each year, **our roads are independently assessed** to determine what percentage need maintained. This figure is called the Road Condition Index (RCI) and is reported as a two-year rolling average.

- Our RCI has improved from 42.3% in 2005/06 to 36.4% in 2016/18 and 2017/1.9.
- We want the number of roads needing repaired to decrease every year, so we'll continue to invest in our roads.
- Our [Transport Asset Management Plan](#) details this.

Energy efficient street lighting

We have approximately 65,000 street lights in Edinburgh which are an essential part of our role in ensuring community safety. As technology changes, many of our lights are no longer made, so we cannot buy replacement when there is a problem.

Therefore, in November 2018 we **began replacing them with more energy efficient lights** which:

- are better for the environment
- are cheaper to run – we will save £54 million of energy, maintenance and disposal cost over 20 years

- last longer - they can last for 20 years compared to our existing lights, which last just two to four years
- give off a clearer light making CCTV images clearer
- can make our streets feel safer.

We are also putting in a **new street lighting control system** which means we will be able to identify faulty lights quickly and without citizens needing to report them.

Parks and greenspace

Green Flags parks

record increase from 30 to 32 parks awarded green flag status

We take great pride in our parks and over a third of all **Green Flags** awarded in Scotland are in Edinburgh. In 2018, a record 32 parks were awarded Green Flag status, **with two new parks, Fairmilehead Park and Lauriston Castle gardens, awarded Flags.**

Work continued throughout 2018/19 on the major redevelopment of Saughton Park. Our £7.3 million scheme to return the Edwardian park to its former glory, with support of £3.8 million of Heritage Lottery Funding, is the largest project of its kind in Scotland.

The new **inclusive playpark opened in autumn 2018** for the community to enjoy. We continue to work on the walled garden, the micro-hydro scheme and new ground-source heating installation which will cut more than 90 tonnes of CO2 emissions, making Saughton the first totally 'green' park.

Libraries and community learning and development

Libraries

3 million visitors generating over 6.6 million transactions

In 2018/19 our libraries welcomed over three million visitors. In addition, the use of our **electronic books, magazines and newspapers** doubled to almost 1 million downloads.

Our libraries deliver positive benefits to local communities which go beyond the traditional model to exchange books. Libraries support a number of key government agendas, including:

- the reduction of poverty, inequality and support social isolation through digital inclusion
- a key role in improving attainment through initiatives such as the First Minister's **Reading Challenge**, **READ, WRITE, COUNT**, **Every Child a Library Member** and **Book Bug**.

Last year, 2,922 children and young people completed our **Summer Reading challenge** by reading six books or more during the school holidays.

We also run **film clubs in our libraries** across the city and these continue to be popular with highlights including:

- screenings held during **Autism Awareness Week** and **Deaf Awareness Week**
- our film club at McDonald Road Library which is reaching homeless and rough sleepers
- work with the **British Library** to hold live screenings featuring well known authors and speakers such as Julia Donaldson and Michael Rosen.

Community learning

20,207 adults benefited from learning opportunities

Working in partnership, Adult Learning is planned and delivered by professional Community Learning and Development strategic and locality staff and 700 qualified tutors across the city.

- Last year 20,207 adults took part in in over 1 million hours of our **community-based learning**.
- We supported individuals and families to help achieve their own personal learning goals in reading and writing through our **new adult and family literacy-based programmes**.
- We are continuing to work with disadvantaged families and communities to improve their life chances, including initiatives at Craigryston, St John Vianney and Holy Cross Primaries.
- Last year 1,061 adults and 1,143 children participated in programmes to develop early literacy and maths skills.

We continue to support refugees and, since the **Syrian Refugee project began in December 2015**, 163 Syrian adults and 86 families have taken our English to Speakers of Other Languages (ESOL) classes and family learning. Their feedback told us that this has improved confidence in using English in everyday life, knowing their community, neighbours and schools better and being able to talk to a medical professional with little or no help.

Lifelong Learning - music and creativity

We are one of a small number of councils in Scotland that to continue to **offer free music tuition to young people**.

Musical instrument tuition

5,500 children are benefiting from free tuition

Over 25,000 pupils benefited from free music programmes across our schools, including:

- more than 5,500 pupils who were learning to play an instrument through our Instrumental Music Service
- more than 19,200 children who accessed music-making opportunities in schools through **Creative Scotland's Youth Music Initiative**, and this year we extended the programme to children in primary 2.

In partnership with **Screen Education Edinburgh**, over 700 young people aged 10 – 25, learned about the film education sector and industry and associated career pathways.

We also introduced a new programme called **Discover!** This helps young people over the summer holidays who might fall behind in their learning, experience food stress or social isolation. This programme runs across the city with fun learning activities for children and families including music, art, dance, storytelling, drama, film-making and animation and offers support and advice services.

Sport and Outdoor learning

Active schools

reaching record numbers of young people - 19,000 in session 2017/18

We have a popular and successful **Active Schools programme**, which aims to get young people active and interested in sports outside of school. For our young people who are unable to pay for these services, they are free of charge.

Last year's school session saw nearly 19,000 young people taking part in over 500,000 sessions at more than 1,000 extra-curricular clubs each week. 45 primary and 20 secondary schools have registered for the **School Sport Award** and over 350 people came to our awards night to recognise the work of schools and local sports clubs in March 2018.

Outdoor learning

a successful year for Lagganlia and Benmore

It was a successful year for our Lagganlia and Benmore Outdoor Centres, where 3,540 of Edinburgh's young people attended our residential courses. Our Outdoor Learning team supported and approved more than 20,000 participants undertaking adventure excursions.

In September, we had our first ever **Outdoor Learning Challenge** in Holyrood Park, when almost 900 pupils took part in various activities including cross country skiing, mountain biking, fire lighting, environmental art, poetry and outdoor maths.

Education estate

Investing in schools

increased learning capacity with 30 new classrooms built

We are committed to creating a **first-class learning estate** and making sure all our children have the best possible learning environment. In August 2018, we welcomed pupils in to the new St John's RC Primary School, the first primary school in Edinburgh to be built under the **Scottish Government's Schools for the Future programme**.

As part of our rising schools roll programme, we have increased capacity across a number of our primary schools, with thirty new classrooms built in Currie, Trinity, Davidson Mains, Stockbridge, Granton, Victoria, Newcraighall, Cramond, Clermiston and James Gillespie's primary schools.

Construction of the new **Queensferry High School** is under way and will be completed by March 2020. We are progressing planning for three new primary schools, which we plan to open in 2020 and have secured funding to replace **Castlebrae High School** and part replace **Trinity Academy**.

As part of our vision to transform the landscape of early years learning and childcare, **in partnership with Heart of Midlothian Football Club** we opened **Tynecastle nursery**, a new state-of-the-art nursery in October 2018.

We have also started replacing **Oxgangs Young Persons Centre** and have planning permission to replace **St Crispin's School**.



Sustainable and inclusive growth

Our population is growing and changing. We are ambitious for how the city needs to develop its infrastructure accordingly and need to ensure that the benefits that investment brings are shared by everyone across the city.

Sustainability

Carbon emissions reduction

on-track to achieve target of 42% reduction by 2020

We want Edinburgh to be a sustainable and inclusive city, where good growth means all our citizens can benefit for generations to come. This means taking action to promote environmental, economic and social sustainability as part of a long-term commitment to tackling climate change, delivering good growth, and building resilient communities.

In 2018, we launched a number of strategies and initiatives which will be key to delivering this vision, including the Edinburgh [Economy Strategy](#), the [Edinburgh Poverty Commission](#), [City Centre Transformation](#) consultation and [The City Mobility Plan](#).

In 2018, we set a target of **reducing carbon emissions** across the city by 42% by 2020. We have achieved a 33% reduction so far (current, 2016 data), and are on-track to exceed our target. Major developments which are helping deliver our long-term carbon reduction targets include:

- **completing the existing tram line** (1a) to Newhaven – the final business case was agreed in March 2019

- construction of a new **energy-from-waste facility at Millerhill**, which opened fully in April 2019
- new **segregated cycle lanes**, including the Leith Walk route constructed in spring 2018
- investing in **energy efficient streetlights** – a replacement programme commenced in November 2018.

Although we are on-track to exceed our current target, we want to go further. This year we invited the [Edinburgh Centre for Carbon Innovation](#) to carry out an independent audit of the Council's approach to sustainability.

We have accepted all their recommendations and are committed to developing an ambitious sustainability agenda for **Edinburgh to be carbon neutral by 2030**. Throughout next year we will be working with key and new partners, as well as individual citizens and communities, to develop a 2030 sustainability strategy that reflects the urgency of climate change and aims to deliver 'in time'.

Economy Strategy

In June 2018 we launched a new Edinburgh [Economy Strategy](#) to support our city's economic growth. This sets out eight key steps the city needs to take over the next five years, each step underpinned by the principles of innovation, inclusion, and collaboration.

During the first year we have made significant progress including:

- supporting over 1,000 businesses through the **Edinburgh Business Gateway partnership**
- helping 2,967 **employability and skills clients into work and learning**
- making progress on developing key strategic sites across the city.

City Region Deal

Investment of £1.3 billion

£456 million approved

[The City Region Deal](#) was signed in August 2018 and will bring in over £1.3 billion of investment over 15 years to deliver inclusive growth and innovation for Edinburgh and South-East Scotland.

A committee made up of local authority leaders, education representatives and the Chair and Vice-Chair of the Regional Enterprise Council is overseeing this investment. In 2018/19 they approved £456m across eight projects including a new concert hall and performance venue in Edinburgh.

In 2018/19, as part of the city region deal for Edinburgh, we launched **Edinburgh Living**, a new affordable housing partnership with [Scottish Futures Trust](#) and completed 44 of the 1,500 affordable homes to be built. We also strengthened our relationships with key public sector partners for plans to regenerate [Granton Waterfront](#).

Granton Waterfront

Last year we purchased the former gas works at [Granton Waterfront](#) which, together with our existing landholdings, give us a unique opportunity to lead in the regeneration of the area. We can now ensure that any development is approached in an inclusive and sustainable way, and that it is focused on communities and placemaking.

We are working with **National Galleries of Scotland, National Museums of Scotland, Edinburgh College, Scottish Government** and **Scottish Futures Trust** to create a new vibrant, city quarter. Our vision for the area is for around 4,000 new homes, services, retail and high-quality public realm to be built over the next 10 - 15 years,

whilst retaining the rich heritage and history that this area of Edinburgh offers.

We are currently progressing the final stages of stakeholder and community consultation to produce the Development Framework for approval by the Planning Committee in autumn 2019.

Culture

Museum and gallery

attendance increased by 26%

- We have 14 museums and galleries venues that we own and manage.
- We care for two of **Edinburgh's tallest monuments, the Scott Monument and Nelson Monument.**
- We **increased our opening hours to seven days** a week and last year visitor numbers across all our museums and galleries increased by 26%.

In partnership with [Edinburgh World Heritage](#), we published a [management plan](#) for Calton Hill which includes Nelson Monument and the City Observatory. Over the last three years we have seen visitors to the Nelson monument increase by over 30% and have partnered with the arts' group [Collective Gallery](#) to restore the City Observatory which houses a new centre for contemporary art, a restaurant and a viewing terrace.

A further £1 million has been committed to enabling refurbishment works at the **Leith Theatre** complex so that live music and performing arts activities can be hosted at the venue.

We have also continued to support the redevelopment of the **Scottish National Gallery** and landscaping in **Princes Street Gardens East**, including a new accessible entrance and extended exhibition space.

In November we announced a major new investment programme for **Edinburgh's Festivals**. In partnership with the **Scottish Government**, the **Edinburgh Festivals**, the **PLACE (Platforms for Creative Excellence)** programme will provide £15 million over the next five years for a range of creative and community projects which will renew the Festivals' ambition and purpose.

Sustainable tourism

We welcomed 4.5 million visitors to Edinburgh

spending £1.8 billion in 2017

The city's tourism economy continues to thrive year on year. In 2017 we welcomed 4.5 million overnight visitors spending £1.8 billion. This brings a wealth of diversity and culture which makes Edinburgh a great place to live and work. To ensure we can continue to welcome record numbers of tourists, there are challenges to how we manage the city at key times during the peak points in the year.

We have led the national debate on the introduction of a **Transient Visitor Levy (TVL)** and consulted widely on what a local scheme would look like for Edinburgh. In response to this, and as part of the 2019/20 budget, the Scottish Government agreed to legislate powers that would enable local authorities to introduce a TVL, or tourist tax.

We will implement the TVL in Edinburgh when the legislation is finalised. In the meantime, we're continuing to work on implementation plans and look at how it will be used to benefit the city, its tourism economy and residents.

City centre transformation

The [City Centre Transformation](#) project aims to create a long-term strategy for the development and management of the city centre, focusing on providing a better experience for people on foot, bike and public transport, while improving public spaces. During spring 2018, initial engagement with stakeholders on City Centre Transformation, along with **Low Emission Zones and the City Mobility Plan**, was carried out and a series of ideas and proposals for creating a more active and connected city, a healthier environment, a transformed Edinburgh city centre were developed.

In September, a document based on these ideas - '[Edinburgh: connecting our city, transforming our places](#)' - was presented to the public for an eight week consultation, when people were asked to give feedback on initial proposals, which included pedestrianised streets, restrictions on traffic and improved public spaces.

City centre transformation consultation

51% supported a more radical approach

More than 5000 people responded to the consultation, with the majority – 51% - agreeing that a more radical approach was needed to deliver a city fit for the future and three quarters of respondents supporting traffic restrictions in the city centre.

Feedback was used to inform principles for the city centre's transformation that would deliver a vibrant Capital and impact positively on the economy, environment and community. [Examples of possible changes](#) were presented to the Transport and Environment Committee in February.

Active travel

Active travel means making journeys by physically active means, like walking or cycling. Encouraging more people to walk and cycle can make a major contribution to achieving our objectives relating to health, the environment, quality of life and managing city growth.

Recent completed projects to encourage active travel include: improvements to the **North Edinburgh Path Network**, tram cycle improvements such as new warning signs, and additional 420 on-street cycle racks.

In 2018/19, a significant amount of the work undertaken has been on design and citizen engagement and consultation, included in these are:

- [City Centre West to East Link](#)
- [Meadows to George Street](#)
- [West Edinburgh Link](#)

We have established the [QuietRoutes Network](#) which aims to make cycling a realistic travel choice for people who do not feel confident riding a bike on streets with significant levels of motorised traffic.

Trams to Newhaven

Wide-ranging consultation

8,000+ comments

1,500+ attending our events

[Edinburgh Trams](#) continues to perform well and exceed expectations. Passenger numbers are increasing every year thanks to reliable and more frequent services, combined with award-winning customer service.

With this in mind, councillors agreed (in March 2019) to go ahead with completing the existing line (1a) to Newhaven.

The [final business case](#) demonstrated that passengers would double in the first year to 16 million, bringing economic, social and environmental benefits to the city. Importantly, completing the tram line will not divert money from other Council services – the project will be paid for by passenger fares once the service begins and, in the short term, by an **extraordinary dividend from Lothian Buses**.

While developing the business case, we made sure all residents, businesses and other stakeholders had the opportunity to comment on the plans. We received over 8,000 comments during our two stages of consultation in 2018, all of which helped shape:

- the plans and designs for construction
- traffic management during and after construction
- a scheme to support local businesses.

We plan to begin construction in winter 2019, but are already working with the two main contractors, Morrison Utility Services Ltd and Sacyr Farrans Neopul Joint Venture, in shared offices. This six-month 'early contractor involvement' period will allow us to finalise plans, improve the programme and, wherever possible, save money.



Delivering effective and efficient corporate services

As a large and complex organisation, we rely upon a range of professional corporate services such as finance, human resources, legal services and digital services. This ensures that we provide effective transactions for citizens and service users, operate robust internal controls and governance arrangements, enable the effective management of our workforce and assets and achieve value for money in our operations.

Council Tax collection

Council Tax collected

increased to 97.0%, up from 96.8%

We have made it even easier for people to pay their Council Tax. Last summer, we introduced a new text reminder service for **Council Tax payments** which reminds customers about their outstanding Council Tax and gives a quick and easy way to pay on the go. When a taxpayer misses a payment, we send them a message with a link to a secure payment facility, so they can quickly deal with it before they get into debt with overdue bills.

This service is proving to be successful with around 70-80% of people responding to the text. Registering with the service makes it even easier for them to pay next time and reduces the number of missed payments we need to manage. Feedback about the service has been positive.

Welfare and benefits Administration

Time to process new benefit claims

decreased to 25 days from 31 days

We are now quicker at processing new benefit claims. In 2018/19 we took 25.24 days, achieving our target of 28 days, compared to an average of 30.91 days in 2017/18. We also outperformed our target for processing changes of circumstance – less than eight days, on average, against a target of ten days.

Citizen and service user contact

Satisfaction with contact centre met our target of 75%

- We are meeting the 75% public-sector satisfaction standard for our call handling arrangements.

- We receive real time alerts on low scoring satisfaction surveys which means we can act immediately to improve things.
- Last year, we answered 65% of calls into our contact centre within 60 seconds, exceeding our internal target.
- In January we started to **measure call abandonment**. In the period to the end of March 6% of people chose to abandon their call.
- This is within our internal target, but we will continue to focus on reducing this level.

Process automation

We have invested in automating our high-volume processes to help us to deal with citizen and service user enquiries and requests more efficiently. This approach uses technology to streamline these tasks, freeing up our people to address more complex issues directly.

A good example of our progress in this area is **landlord registration application** processing. Applying automation, we have reduced the processing time for a landlord registration application from an average of 10 minutes per case to 60 seconds with 100% data accuracy. This was our first automated process to go live and we now have over 20 high volume processes being automated.

Employee wellbeing

Lost working time due to ill health – council-wide
decreased to 5.18% from 5.49%

As a large organisation we continue to adopt a proactive approach to supporting the wellbeing and safety of all our employees. This has included the implementation of a new **Managing Absence and Stress Management policy** and a new **Occupational Health and Wellbeing support** service for all our people.

- Our lost working time due to ill-health absence rates for our teaching staff is below the Scottish local authority average - 5.67 days compared to the Scotland average of 5.93 days.

- We are above average for non-teaching staff - 12.34 days compared to the Scottish local authority average of 11.41 days.
- 67.5% of all working time lost to ill-health related absence was from long-term causes with the remaining 32.5% from short-term absence.

Our buildings

Investment in our buildings totalled £20.5 million

The Council's asset management works programme budget for 2018/19 was £18 million to invest in improving the condition of our operational properties, including schools. As the first of a **five-year programme of targeted investment**, the Council has achieved an actual spend of £20.5 million by the end of 2018/19, meaning that progress on bringing our buildings up to a sustainable, safe and effective state is ahead of target. During 2019/20, our level of spend will increase to £30 million ensuring even more of our operational buildings are fit for current and future needs.

Customer complaints and feedback

We take all complaints seriously and monitor how they are handled through the year. Overall, 2018/19 saw a rise in the number of complaints, and this was primarily due to the rollout of garden waste charging and move to the new four-day week collection model. A remedial plan was put in place, and numbers have since started to decline.

Improvements to the complaints process have been made and these include:

- enhanced monitoring with quarterly sampling of closed complaints
- created an internal network which meets twice a year to share best practice, discuss issues and hear from experts
- rolled out training to staff.

We are committed to learning from complaints to improve our services, and you can find more details about our [performance](#) on our website.



Performance reporting

Throughout the year, we use key performance indicators to monitor how well we are delivering services. Our KPI scorecard sets these out in more detail and includes data from the previous two years to allow comparison.

Benchmarking

We are committed to delivering improvements in the services we deliver to citizens. As well as measuring ourselves against our key performance indicators, **we undertake a wide range of formal and informal benchmarking** across our different service areas. Benchmarking gives us a focus to share best practice and service improvement initiatives.

Benchmarking groups we participate in include the **Association for Public Service Excellence (APSE)**, **Scotland's Housing Network** and **Keep Scotland Beautiful**.

Our primary benchmarking tool however, is the **Local Government Benchmarking Framework (LGBF)**. The framework is applicable to all local authorities in Scotland and is made up of a suite of standard indicators which cover a large number of our service areas. You can find more information on our most recent benchmarking data (2017/18) on [My Local Council](http://mylocalcouncil.scot.nhs.uk) website <http://scotland.mylocalcouncil.info/>

Edinburgh People Survey

Resident satisfaction with the capital as a place to live remains very high, according to the 2018 **Edinburgh People Survey** - the largest study of its kind in the UK.

Of the 5,170 residents interviewed, 95% gave Edinburgh the thumbs up as a place to live. Residents agreed that Edinburgh is an inclusive and diverse city, with 83% feeling that people from different backgrounds get on well and 84% feeling safe after dark in their neighbourhood. Residents were highly satisfied with the city centre for leisure (90%), shopping (83%) and public transport (93%).

However, mirroring a downward UK trend, satisfaction with refuse collection, recycling, roads/pavement maintenance and street cleaning has fallen. Residents feel that vandalism, graffiti, antisocial behaviour and dog fouling have also become more common in neighbourhoods, with people less satisfied with the management of these issues.

You can read the [full results](http://www.edinburgh.gov.uk/edinburghpeoplesurvey) on our website www.edinburgh.gov.uk/edinburghpeoplesurvey



Communities and partners

Partnerships and localities

[The Edinburgh Partnership](#) has carried out a review and consultation of governance and partnership working arrangements and developed a new community plan for the city. This work was designed to strengthen partnership working and the meaningful involvement of communities to achieve better outcomes for people in the city.

In developing the new governance arrangements, it was recognised that there was an opportunity to streamline and simplify how partners worked together, provide a shared understanding and clarity of purpose; strengthen partnership working; provide greater accountability and transparency; and strengthen community influence and participation. There were three stages of engagement and consultation providing a wide range of stakeholders the opportunity to shape the future approach. **The new framework agreed by the Edinburgh Partnership** in April 2019 comprises a Board, four city wide partnerships, four locality partnerships and thirteen neighbourhood networks.

The arrangements are designed to support a different way of working and support the delivery of the Partnership's priorities for the city as set out in the new community plan. The plan focuses on reducing poverty and inequality in the city through making sure people have enough money to live on; access to work, learning and training opportunities; and have a good place to live.

Consultation and engagement

We are working hard to be more open and inclusive through our engagement approaches. Last year saw 17% growth in the number of people taking part in online consultations – with more than 20,000 individual responses received through our [consultation hub](#)

consultationhub.edinburgh.gov.uk

We've introduced innovative methods to ensure our decision-making processes are engaging and accessible to a diversity of stakeholders, while empowering communities and our colleagues. The 2019-20 budget engagement group activity, for example, was well received by citizens and colleagues, provided a great mechanism to feedback into the process, and was especially effective in helping people consider the whole budget as well as individual service areas.

Our engagement activities have helped us create broad public support for radical and necessary changes to public policy. Our conversations on the [Transient Visitor Levy](#) and [Connecting our city, transforming our places](#) have resulted in Councils gaining new powers to set local charges to manage local impacts of tourism, address air quality, and deliver a more sustainable city for the future.



Celebrating success

Our city

Award-winning Edinburgh is one of the fastest growing and most productive cities in the UK. It is the UK's most prosperous city outside London with an unrivalled quality of life. Our city has picked up some [prestigious awards](#), the two of the most recent are:

- ranked as 'the most liveable city in the world', Arcadis Sustainable Cities Index 2018
- top UK city: best prospects for economic growth, The UK Vitality Index, Lambert Smith, 2019.

Council and partner awards

A selection of our awards this year

Leith Fort

- Multiple awards including Saltire Society Housing & Design 'Medal' 2018 and RIAS Award 2018

Boroughmuir High School

- Multiple awards including the EAA Building of the Year Award for 2018 and RIAS Award 2018
- Scottish State Secondary School of the Year, The Sunday Times

Public Sector In-House Legal Team of the Year

- The Scottish Legal Awards 2019

Stephen Kelly, Headteacher, Liberton High School

- Quality Improvement Champion, Quality Improvement Awards 2018

Councillor Gavin Corbett

- Environmental Impact Award, LGIU Scotland Councillor Awards 2018

2050 Edinburgh City Vision with Marketing Edinburgh

- Digital Marketing Campaign of the Year, Edinburgh Chamber of Commerce Business Awards 2019

Cycling Friendly Employer

- Cycling Scotland

Operational Award

- ALARM Risk Awards 2018

Housing Property

- Gold Medal RoSPA Health & Safety Awards 2018

Five secondary schools awarded

- LBT Youth Scotland Charter Awards



KPI scorecard

Service delivery status

- On target / improving performance →
- Maintaining ↔
- Improvements needed ←
- Data not yet available ⊗

Targeting investment in prevention and early intervention					
Schools and education	2016/17	2017/18	2018/19	Target	Status
Early Years					
Percentage of early years settings providing 1140 hours of funded early learning and childcare	-	29%	51%	51%	→
Schools (most recent education data)	2015/16	2016/17	2017/18	Target	Status
Percentage of primary 1 pupils achieving CfE early Level reading	-	82%	83%	85%	→
Percentage of all leavers achieving literacy and numeracy Level 5	62.1%	64.6%	66.7%	66%	→
Percentage of all leavers from deprived areas achieving 5 or more awards at SCQF Level 5 or higher	38.6%	38.7%	38.0%	39.5%	←
Percentage of all leavers achieving 5 or more awards at SCQF Level 6 or higher	34.8%	35.5%	37.5%	36%	→
Percentage of all school leavers in positive initial destination	93.7%	92.5%	94.3%	93.8%	→
School Attendance	2016/17	2017/18	2018/19	Target	Status
Percentage of primary pupils with low attendance	-	7.2%	6.5%	6.0%	→
Percentage of secondary pupils with low attendance	-	13.7%	13.3%	13.0%	↔

Children Services	2016/17	2017/18	2018/19	Target	Status
Looked After Children					
Number of looked after children (rate per 1,000)	15.6	15.5	14.5	15.4	→
Fostering and adoption					
Percentage of placements with Council foster carers	64.4%	63.2%	65.2%	67%	→
Criminal Justice social work	2016/17	2017/18	2018/19	Target	Status
Criminal justice orders					
% of criminal justice orders successfully completed	65.8%	65.3%	63.6%	65.0%	←
% of orders with unpaid work requirements with work placement offered within timescale (5 days)	93.0%	84.1%	95.4%	Increasing trend	→
Homelessness	2016/17	2017/18	2018/19	Target	Status
Homelessness case management					
Average homeless case length (days)	285.8	293.9	365.3	340.0	←
% repeat homeless presentations	9.0%	7.9%	7.0%	6.0%	→
% of support referrals made for households with a recognised support need	53.1%	53.0%	44.1%	Increasing trend	←
Homelessness accommodation					
% use of B&B as total of all temporary accommodation usage	34.8%	38.9%	39.8%	Decreasing trend	←
No of families in B&Bs (at end March)	26	58	21	0	→
No of 16-17 year olds in B&Bs (at end March)	3	6	3	0	→
Non-contractual spend on B&Bs/shared houses	£1.81M	£3.71M	£3.34M	Decreasing trend	→
Family and household support	2016/17	2017/18	2018/19	Target	Status
Antisocial behaviour					
% antisocial behaviour enquiries closed within 30 calendar days	75.9%	68.7%	58.7%	73.0%	←
Adult social care services	2016/17	2017/18	2018/19	Target	Status
Unmet care (at the end March)					
Number of people delayed awaiting discharge from hospital	176	267	158	Decreasing trend	→
Number of people waiting for a package of care in the community	357	837	440	Decreasing trend	→
Number of people waiting for a package of care in hospital	87	151	40	Decreasing trend	→
Assessment and care management (at the end March)					
Total number of people waiting for assessment	1,480	1,544	1,375	Decreasing trend	→
Total number of people with an overdue review	6,262	5,161	3,828	Decreasing trend	→
Average assessment waiting time (days)	93	67	37	Decreasing trend	→
Number of carer assessments/adult carer support plans completed	731	596	909	Increasing trend	→
Balance of care					
Percentage of adults 18+ years receiving care in their home, rather than a residential setting or hospital	56.6%	57.3%	57.2%	Decreasing trend	↔
Substance misuse support					
Substance misuse – timely treatment (percentage within three weeks)	81.6%	84.0%	85.5%	90%	→

Driving improvements to deliver the high-quality services our citizens expect					
Housing services	2016/17	2017/18	2018/19	Target	Status
Housing					
Home completions (all tenures)	2,229	1,804	Not yet available	No targets	⊗
Number of affordable homes approved	1,308	1,475	1,626	1,600	→
Tenant Arrears					
Average level of debt of tenants in arrears	£890	£930	£878	£900	→
Current rent arrears (end of year)	£6.1M	£6.1M	£5.7M	Decreasing trend	→
Waste and cleansing	2016/17	2017/18	2018/19	Target	Status
Waste Management					
% of waste recycled	43.0%	42.6%	41.1%	Increasing trend	←
Individual domestic missed bin service requests	28,368	22,853	33,621	Decreasing trend	←
Communal domestic missed bin service requests	19,354	15,155	21,868	Decreasing trend	←
Street Cleansing					
% of streets clean (LEAMS)	92%	89%	92%	95%	→
Planning and building standards	2016/17	2017/18	2018/19	Target	Status
Planning					
% of major planning application decisions within target	14%	13%	28%	70%	→
% of non-householder planning applications dealt with within two months	72%	60%	57%	70%	←
Building Standards					
% first report building warrants issued within 20 days	40%	60%	80%	95%	→
% of building warrants issued in 10 days after receipt of all satisfactory information	51%	44%	63%	90%	→
Roads	2016/17	2017/18	2018/19	Target	Status
Road condition and maintenance					
% of customer defect enquiries completed within five working days	KPI methodology revised to match other local authorities		73%	85%	←
% of emergency road defects made safe within 24 hours			95%	90%	→
% of priority road defects repaired within five days			81%	85%	←
Road condition index (RCI)	34.8%	36.4%	36.4%	Decreasing trend	↔
Parks, greenspace and cemeteries	2016/17	2017/18	2018/19	Target	Status
Green Flag Status					
Number of parks achieving green flag award status	29	30	32	30	→
Lifelong learning	2016/17	2017/18	2018/19	Target	Status
Lifelong Learning					
Number of adults achieving personal learning goals through participation in targeted education programmes	-	2,100	Available July	2,100	⊗
Number of library customer transactions	-	6.96M	6.66M	7.31M	←
Number of young people participating in music, arts, cultural and creative learning activities	24,071	22,775	Available July	24,300	⊗
Number of young people participating in sport, physical activity, and outdoor learning (includes Active Schools)	22,431	24,086	Available Sept	22,655	⊗

Ensuring the growth of the city is sustainable and inclusive					
Culture	2016/17	2017/18	2018/19	Target	Status
Museums and Galleries					
Attendances at museums and galleries	720,003	624,323	785,427	750,000	→
Communities	2016/17	2017/18	2018/19	Target	Status
% of people who feel they have a say on local issues and services	37%	39%	36%	Increasing trend	←...
% of children living in a low-income household	22%	23%	Not yet available	18% by 2020	⊗
Fair work and economic growth	2016/17	2017/18	2018/19	Target	Status
Number of households with no adult in employment	24,800	26,800	Not yet available	Decreasing trend	⊗
Number of clients supported by employability and skills services	4,561	3,375	2,967	No target	↔
Number of employers in the Edinburgh region accredited as Living Wage Foundation employers	Not available	Not available	416	Increasing trend	N/A
Emissions reductions	2016/17	2017/18	2018/19	Target	Status
% emissions reduction from 2005 baseline	33%	Not yet available	Not yet available	42% by 2020	⊗
% reduction in energy-related emissions from Council estate and Council waste	Not available	6.9%	Available Sept	Decreasing trend	⊗

Organisational performance measures					
Customer services	2016/17	2017/18	2018/19	Target	Status
Citizen and service user contact					
Calls answered within 60 seconds (contact centre)	48%	63%	65%*	60%	→
* Performance Indicator was amended in July 2018 from calls answered within 30 seconds to calls answered with 60 seconds and target increased from 55% to 60%. Data from July 2018 to March 2019.					
User satisfaction with contact centre	70%	N/A	75%	75%	→
Call abandonment in contact centre	N/A	N/A	6% Jan- Mar	10%	→
Shared repairs (essential works) case resolution % closed (updated PI) (March 19)	N/A	N/A	85%	70%	→
Key processes (annual monthly average data)					
Days to process new benefit claims	33.7	30.9	25.2	28	→
Days to process benefit change of circumstances	10.0	7.5	7.8	10	→
Days to process community care grants	16.2	15.1	19.1	15	←...
Days to process discretionary housing payment claims	6.2	13.2	19.2	15	←...
Days to process crisis grants	2.1	1.8	2.0	2.0	←...
Compliance	2016/17	2017/18	2018/19	Target	Status
Information compliance					
FOI(S)A enquiries - % answered within statutory timescales	88%	93%	86%	90%	←...

Revenue management	2016/17	2017/18	2018/19	Target	Status
Non-Domestic Rates (NDR) collection					
Proportion of NDR collected	95.9%	96.8%	96.9%	96.9%	→
Council Tax collection					
Proportion of Council Tax collected	96.4%	96.8%	97.0%	96.8%	→
Commercial income					
Commercial property portfolio rental income	N/A	£12.14M	£14.88M	£12.83M	→
Void rate on commercial property portfolio	N/A	2.7%	2.6%	4.0%	→
Our buildings and technology	2016/17	2017/18	2018/19	Target	Status
Property and asset management					
Asset management works capital expenditure	N/A	£11.27M	£21.29M	£17M	→
Proportion of operational council buildings that are suitable for their current use	59.3%	69.2%	83.0%	Increasing trend	→
Percentage of primary schools operating above 80% capacity	69%	77%	75%	70%	→
Percentage of Secondary Schools operating above 80% capacity	61%	70%	65%	65%	→
Digital Services					
Number of severity 1 ICT incidents where resolution is greater than four hrs	N/A	16	18	12	←
Our people	2016/17	2017/18	2018/19	Target	Status
Productivity and wellbeing					
Lost working time due to ill-health absence (Council)	5.25%	5.49%	5.18%	4.00%	→
RIDDOR reportable injuries rate per 100 employees	0.03	0.02	0.02	N/A	→
Workforce numbers					
Total employed full-time equivalent (FTE)	14,415	14,562	14,736	N/A	N/A
Total spend on flexible workforce (agency workers)	N/A	£18.8M	£22.5M	Decreasing trend	←
Financial management	2016/17	2017/18	2018/19	Target	Status
Council-wide					
Progress against delivery of current year's approved budget savings	£64.1M	£31.7M	Awaiting Update	£36.5M	⊗
Revenue: current year's projected outturn	100%	100%	Awaiting Update	100%	⊗
Procurement and contract management					
% of invoices paid within 30 days	95.6%	95.6%	95.1%	95%	→
% of revenue spend placed with contracted suppliers	94.8%	93.8%	92.1%	93%	←

The City of Edinburgh Council

10.05am, Thursday, 27 June 2019

Coalition Commitments Progress Update – June 2019

Executive/routine
Wards
Council
Commitments

1. Recommendations

- 1.1 That Council notes the progress at June 2019 on delivering the 52 coalition commitments that the Council Administration have pledged to deliver by end 2022 (Appendix A).
- 1.2 That Council notes the steps that will be taken in 2019/20 to progress delivery of the commitments (Appendix A).

Andrew Kerr

Chief Executive

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Coalition Commitments Progress Update – June 2019

2. Executive Summary

- 2.1 This is the second annual update on the 52 coalition commitments and provides an update to Council on the progress of each of the commitments.
- 2.2 This report builds on the six-monthly updates that were presented to the Executive Committees in December 2018 and January 2019.

3. Background

- 3.1 The Council Business Plan ([A Programme for the Capital: The City of Edinburgh Council Business Plan 2017-22](#)) was approved in August 2017. The plan sets out the administration's priorities and what will be achieved over the five-year period.

4. Main report

- 4.1 This is the second annual update on progress of the coalition commitments and a full update for each commitment is contained within Appendix A.
- 4.2 Appendix A details:
- background information
 - key achievements and delivery progress to June 2019
 - planned next steps and, where relevant, key issues for 2019/20
 - performance measures for 2018/19 and the preceding year where applicable
 - the current status of each commitment.
- 4.3 The status of the commitments can be summarised as follows:

Status	Meaning	Number of Commitments
On track	commitment on track with the relevant actions and measures in place to monitor delivery	35
Making progress	ongoing, but commitment delivery slower than anticipated	13
Work required	actions and measures identified, however timescales may not be achieved	4

5. Next Steps

- 5.1 Where applicable, planned work that will be undertaken in 2019/20 is outlined in Appendix A.

6. Financial impact

- 6.1 The financial impact is set out within the individual commitments and the Council Business Plan.

7. Stakeholder/Community Impact

- 7.1 The commitments actions and measures continue to support transparency of Council performance and delivery.

8. Background reading/external references

- 8.1 [Programme for the Capital - The City of Edinburgh Council Business Plan 2017-22](#), The City of Edinburgh Council, 24 August 2017
- 8.2 [Implementing the Programme for the Capital - Coalition Commitments Progress to June 2018](#), The City of Edinburgh Council, 28 June 2018
- 8.3 [Implementing the Programme for the Capital: Coalition Commitments six monthly progress](#), Finance and Resources Committee, 4 December 2018
- 8.4 [Implementing the Programme for the Capital: Coalition Commitments six monthly progress](#), Corporate Policy and Strategy Committee, 4 December 2018
- 8.5 [Implementing the Programme for the Capital: Coalition Commitments six monthly progress](#), Transport and Environment Committee, 6 December 2018
- 8.6 [Implementing the Programme for the Capital: Coalition Commitments six monthly progress](#), Education, Children and Families Committee, 11 December 2018
- 8.7 [Implementing the Programme for the Capital: Coalition Commitments six monthly progress](#), Planning Committee, 12 December 2018
- 8.8 [Implementing the Programme for the Capital: Coalition Commitments six monthly progress](#), Housing and Economy Committee, 24 January 2019
- 8.9 [Implementing the Programme for the Capital: Coalition Commitments six monthly progress](#), Culture and Communities Committee, 29 January 2019

Appendices

Appendix A: Coalition Commitments Progress Update June 2019

Coalition Commitments Progress Update June 2019

Two years after the formation of the Coalition, the Council has made sustained progress towards achieving our 52 key commitments to the Capital. To deliver these in full, we need to keep a clear focus on ensuring that we continue to provide services to a high standard and quality, while still responding to the wider environment in which we operate.

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

This report shows the progress we have made so far in delivering our commitments to the people of Edinburgh and identifying what still needs to be done over the next three years.



Adam McVey
Council Leader
Scottish National Party



Cammy Day
Depute Council Leader
Scottish Labour Party

Table of content

Commitment 1	7
Deliver a programme to build least 10,000 social and affordable homes over the next 5 years, with a plan to build 20,000 by 2027.	
Commitment 2	8
Create the conditions for businesses to thrive. Invest in supporting businesses, social enterprise, training in hi tech, creative and other key sectors including co-operatives. Help link business with young people to ensure the workforce of the future is guaranteed work, training or education on leaving school.	
Commitment 3	9
Work with the business community to grow the number of Living Wage employers year on year.	
Commitment 4	10
Direct development to growth corridors as the best way to accommodate the extra housing needed for Edinburgh's growth and allowing the city to manage and protect green belt.	
Commitment 5	10
Sign Edinburgh to the Pay Fair Tax Initiative.	
Commitment 6	11
Deliver the City Region Deal, making sure the benefits of investment are felt throughout the city and create space for new businesses to start and grow.	
Commitment 7	12
Improve access to employment and training opportunities for people with disabilities.	
Commitment 8	13
Explore the introduction of fair rent zones.	
Commitment 9	14
Create a Homeless Task Force to investigate the growing homelessness problem in the city. The team will review the use of b&b premises and explore alternatives that better meet the needs of individuals and families with an aim to end the use of bed and breakfast facilities. Appoint a Homelessness Champion who will chair the Task Force.	
Commitment 10	16
Prioritise the use of brownfield sites and work with public sector and private landowners to develop land for affordable housing.	

Commitment 11 17
 Ensure that Council policies on planning, licensing and sale of Council land give substantial weight to the needs of residents while still encouraging business and tourism.

Commitment 12 18
 Review the Council's policy on promoting mixed communities. The review should be completed by summer of 2018 and should include homes of multiple occupancy, short term temporary lets and student housing.

Commitment 13 19
 Improve planning enforcement to ensure that all developers, large or small, conform to Edinburgh’s policies and developer’s commitments.

Commitment 14 20
 Work with the Scottish Government to review planning policy and overhaul the planning appeal system to make it shorter, more independent and give communities the right to appeal.

Commitment 15 21
 Protect Edinburgh World Heritage Status and make sure developments maintain the vibrancy of our city in terms of placemaking, design and diversity of use.

Commitment 16 22
 Invest £100m in roads and pavements over the next 5 years. This will include road and pavement maintenance, installing more pedestrian crossings, increasing the number of dropped kerbs and dedicate safer foot and cycle paths as well as introducing more pedestrian zones.

Commitment 17 23
 Guarantee 10% of the transport budget on improving cycling in the city.

Commitment 18 24
 Improve Edinburgh’s air quality and reduce carbon emissions. Explore the implementation of low emission zones.

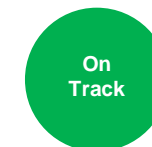
Commitment 19 25
 Keep the city moving by reducing congestion, improving public transport to rural west Edinburgh and managing road works to avoid unnecessary disruption to the public.

Commitment 20 26
 Explore the introduction of a lane rental for utility companies to reduce traffic pressures.

Commitment 21	26
Retain Lothian Buses and Edinburgh Tram in public ownership.	
Commitment 22	27
Deliver the tram extension to Newhaven by 2022 after reviewing the business case and delivery plan to ensure they are robust.	
Commitment 23	28
Implement improvement plans for Waste and Cleansing Services to improve street cleanliness in every ward. Reintroduce a free bulky item collection service to tackle fly tipping.	
Commitment 24	29
Reduce the incidence of dog fouling on Edinburgh’s streets and public parks.	
Commitment 25	30
Increase recycling to 60% from 46% during the lifetime of the administration.	
Commitment 26	31
Improve parking for residents by expanding provision of park and rides for commuters.	
Commitment 27	31
Tackle pavement parking and reduce street clutter to improve accessibility.	
Commitment 28	32
Create a first-class education estate – building 2 new secondary schools and 10 new primaries by 2021. Ensure safe standards are met by rigorous inspections of new and existing school buildings.	
Commitment 29	33
Improve and protect access to additional languages and music tuition and encourage more children and young people to gain vital skills in construction, engineering, digital technology, maths and science.	
Commitment 30	35
Increase the number of classroom assistants and support staff for children with additional needs to improve attainment and wellbeing.	
Commitment 31	36
Expand training opportunities for adults and young people linking with colleges and expanding vocational education.	

Commitment 32	37
Double free early learning and child care provision, providing 1140 hours a year for all 3 and 4 year olds and vulnerable 2 year olds by 2020.	
Commitment 33	38
Make early years’ provision more flexible to fit families’ needs and provide additional resources to families in difficulty so that no children are educationally disadvantaged when they start formal schooling.	
Commitment 34	39
Prioritise services for vulnerable children and families and looked after children, and support organisations working to end domestic abuse.	
Commitment 35	41
Improve access to library services and community centres making them more digital, and delivering them in partnership with local communities.	
Commitment 36	42
Support the continued development of Gaelic Medium Education.	
Commitment 37	43
Continue to integrate Health and Social Care Services. Review the Integration Joint Board's approach to support at home by 2018.	
Commitment 38	44
Take steps to increase the length and flexibility of care visits and increase the availability of care to help people live in their own homes	
Commitment 39	45
Put exercise at the heart of our health strategy by increasing access to sport and leisure facilities.	
Commitment 40	46
Work with the Integration Joint Board (NHS & Council Social Care) and other agencies to prioritise early intervention and prevention in mental health services.	
Commitment 41	47
Review the application process and increase the budget for housing adaptations with a view to supporting more disabled tenants and owners to remain in their own homes. Help older and disabled homeowners to move to more suitable housing should they wish to do so.	
Commitment 42	48
Build a new sports centre at Meadowbank by 2021.	

Commitment 43	49
Continue to upgrade our existing parks and plant an additional 1,000 trees in communities. Protect major recreational areas such as the Meadows, Leith Links and Princes Street Gardens.	
Commitment 44	50
Increase allotment provision and support and expand the network and the number of community gardens and food growing initiatives.	
Commitment 45	51
Establish a Child Poverty Action Unit to address the inequalities faced by children in poverty in our city. Its remit will look at food security and nutrition, tackle food poverty and holiday hunger and enhance nutrition in schools. Ensure that a Poverty Assessment section features in all Council reports.	
Commitment 46	52
Continue to support the city’s major festivals which generate jobs and boost local businesses and increase the funding for local festivals and events. Support the creation of further work spaces for artists and craftspeople.	
Commitment 47	53
Become a leading Council in Scotland for community engagement - 1% of the Council's discretionary budget will be allocated through participatory budgeting.	
Commitment 48	54
Continue to make a case to the Scottish Government for the introduction of a Transient Visitor Levy and explore the possibility of introducing more flexibility in the application of business rates. Explore the possibility of introducing a workplace parking levy.	
Commitment 49	55
Limit Council Tax increases to 3% a year to 2021.	
Commitment 50	55
Continue a policy of no compulsory redundancies and keep a presumption in favour of in-house service provision.	
Commitment 51	56
Improve community safety by protecting local policing and empowering communities to tackle long term safety issues and hate crime in all its forms including supporting restorative justice initiatives and other projects.	
Commitment 52	57
Devolve local decisions to four Locality Committees. Establish the membership of each Committee and how devolved decision making will work to encourage the maximum participation for local groups. Explore the effectiveness of community councils and how they can be enhanced to represent their local communities.	



Commitment 1

Deliver a programme to build least 10,000 social and affordable homes over the next 5 years, with a plan to build 20,000 by 2027.

Background

Working with Housing Associations we are committed to delivering the challenging target of 20,000 social and affordable homes by 2027.

In November 2018, Housing and Economy Committee approved the largest [Strategic Housing Investment Plan \(SHIP\)](#) ever produced.

The SHIP 2019-2024 identified a programme of 7,075 affordable homes and the potential for construction of a further 10,569 homes.

Key Achievements

With over 2,300 affordable homes currently under construction on 38 sites in the city, work to achieve the commitment is underway. Year two of this commitment (2018/19) saw 1,626 homes approved for social rent, mid-market rent and low-cost home ownership. This takes it to over 3,100 since the commitment was made.

At the end of November 2018, due to the strength of the programme, we secured an additional £12 million in grant funding from the Scottish Government for spend in 2018/19. At the same time, we invested a record total of £53.1 million of grant subsidy. This was a 29% increase on the original funding allocation. This funding was spent in full by the end of March 2019. The 2019/20 funding allocation was also increased by £3.1 million in April 2019 to a budget of £45.2 million.

“Edinburgh Living” a new Council and Scottish Futures Trust (SFT) partnership was established in August 2018 to deliver homes for mid-market and affordable market rent. This partnership will increase supply and improve quality of housing across Scotland. The first mid-market homes developed by us transfer into Edinburgh Living in January 2019.

In March 2019, the first homes were approved through Places for People’s Mid Market Rent

Invitation Fund projects. The Fund will utilise Scottish Government loans to attract further equity investment including pension funds. To date 221 homes have been secured, with a programme of around 500 homes identified for Edinburgh.

Next Steps

A Regional Housing Board, chaired by the Chief Executive, was established in March 2019 to provide strategic oversight of the regional housing programme, of which the affordable element forms a significant part. One of the objectives of the City Region Deal is to secure greater certainty regarding Scottish Government funding post 2021.

The SHIP 2020-2025 is currently under development and will be reported to Housing and Economy Committee in November 2019.

Key measures	2017/18	2018/19	Target
Approvals of new affordable homes for the year	1,475	1,626	1,600 for the year 18/19

Commitment 2

Create the conditions for businesses to thrive. Invest in supporting businesses, social enterprise, training in hi tech, creative and other key sectors including co-operatives. Help link business with young people to ensure the workforce of the future is guaranteed work, training or education on leaving school.



On
Track

Background

[The Economy Strategy](#), which sets out how we and our partners will deliver inclusive growth across the city was agreed at the Housing and Economy Committee on 7 June 2018. The aim of the strategy is to provide a framework for creating the conditions necessary for Edinburgh to be a city that takes a lead in ensuring our economy's success is sustainable and benefits all our citizens. We have developed the Good Growth Monitoring Framework to monitor progress towards the strategy vision.

Key Achievements

[The Economy Watch bulletins](#) are published on our website to provide regular updates on the city's economic performance.

The last year saw the final signing of the Edinburgh and South East Scotland City Region Deal and the

establishment of new bodies and collaborations needed to implement the deal.

Over the past 12 months we and our partners have delivered services to support good growth in the city. These include supporting over 1,000 businesses through the Edinburgh Business Gateway partnership and helping 2,967 employability and skills clients into work and learning. Investment has also been made in projects to improve the quality of key business facing functions such as regulatory services.

Good progress has also been made to bring strategic investment into the city, including approval of over 1,600 new affordable homes, and progress towards development of key strategic sites across the city. Together the developments form part of an extensive programme of investment underway

across the city with a value estimated at over £1.3bn.

Next Steps

Over the next 12 months we will continue to collaborate with partners in delivery of all the eight steps for good growth and all actions described in the Edinburgh Economy Strategy. There are a number of key priority actions for the city to progress during 2019/20 that will define the success and will be critical to continue the progress towards good growth in Edinburgh. These priorities will be taken forward within the context of new emerging challenges including managing the transition to a post Brexit landscape and its impacts on Edinburgh businesses. These actions are contained within the [Economy Strategy Update](#) to Housing and Economy Committee on 6 June 2019.

Key measures	2017	2018	Target
Positive destinations of school leavers	92.5%	94.3%	To exceed 93.8% national average
Median gross weekly earnings	£584	£586	To exceed £710 by 2020
Economically active residents as a % of all residents aged 16-64	76.6%	78.9%	To exceed 78% by 2022
% of workers in managerial, professional and technical/scientific occupations	56%	57%	To maintain 56% by 2022
Ratio of workers in high skilled occupations to workers in mid skilled occupations	2.5	2.4	To minimise to 2.10 by 2022
Gross Value Added per capita	£43,671 (2016)	£44,228 (2017)	To exceed £41,000 by 2021
% of children living in a low-income household	22% (2015)	23% (2017/18)	To minimise 18% by 2020
% of residents who feel confident about their job prospects	63% (2014-16)	65% (2016-18)	To exceed 70% for 2019-21 average
% of residents who say their financial position has improved in the past 12 months	20% (2014-16)	18% (2016-18)	To maintain 20% for 2019-21 average



Commitment 3

Work with the business community to grow the number of Living Wage employers year on year.

Background

Workers in Edinburgh receive one of the highest weekly earnings relative to other UK cities, yet it is estimated around one in seven residents are paid below the living wage.

An estimated 14% of Edinburgh residents work for wages below the hourly rate recommended by the UK Living Wage Foundation in 2018. This represented an estimated 38,000 residents working for an hourly wage below £8.76 in 2017/18.

Key Achievements

Our Living Wage Foundation accreditation covers all providers of services in or on our services including care at home within private residences.

Procurement processes ask a Fair Work Practice question in tenders over £50k and encourage payment of the Living Wage Foundation rate. Our

Commercial and Procurement service also encourage uptake through regular meetings with contractors.

The Scottish Government budget incorporated a step up in the Social Care Fund to provide additional support to meet the full year costs of the living wage across the care sector.

Next Steps

New data will enable better monitoring of progress towards growing the number of living wage employers. The Office of National Statistics (ONS) plan to publish new local authority level data on 'good jobs', defined as the proportion of jobs that pay the living wage and low paid jobs defined as two-thirds of the median wage. This data is planned for release later in 2019 and will be monitored in the quarterly [Edinburgh Economy Watch](#) bulletin, which

provides key statistics relating to the city's economic performance.

We are one of the largest employers in Edinburgh and will set a leading example on the living wage for the business community. Our workforce modernisation and change plans included proposals to embed the Living Wage fully into our pay structure. This forms part of our [Change Strategy outlined in February 2019](#).

To ensure our organisational structure works best, we also need to modernise reward and recognition arrangements that help to create a more flexible workforce that still meets the needs of citizens, services and the employees. Therefore, as part of the Change Strategy, plans will be made to undertake a strategic review and revision of our reward and recognition arrangements.

Key measures	2017/18	2018/19	Target
% of Council contracted suppliers (over £50k value) who responded 'Yes' to payment of the Living Wage Foundation rate	64.77%	63.98%	Aim to increase
Number of employers in the Edinburgh region accredited as Living Wage Foundation employers	Data not available	416	Aim to increase

Commitment 4

Direct development to growth corridors as the best way to accommodate the extra housing needed for Edinburgh's growth and allowing the city to manage and protect green belt.



Making Progress

Background

The project to develop a new local development plan - [City Plan 2030](#) - is now underway. The project includes looking at the potential for additional housing opportunities on brownfield regeneration corridors within the city and assessing greenfield land for potential release from green belt policy. This will be done in the context of the current Strategic Development Plan

(SDP) for South East Scotland (2013), following the rejection of the emerging SDP 2 by Scottish Ministers in May 2019.

Key Achievements

The City Plan 2030 project timetable was set out in [the Development Plan Scheme](#) published in September 2018. Early engagement has been carried out with stakeholder groups, including local communities, different business and cultural

sectors, and children and young people. This is informing the preparation of a statutory consultation stage which will set out the choices for the new plan.

Next Steps

An updated Development Plan Scheme with timetable will be published in August 2019 and will set out the timing and details of the formal consultation period.

Commitment 5

Sign Edinburgh to the Pay Fair Tax Initiative.



Work Required

Background

The Fair Tax Mark certification scheme was launched in 2014 and seeks to encourage and recognise organisations that pay the right amount of corporation tax at the right time. Alongside the 'Mark' there is also a Fair Tax Pledge, designed for individual citizens and sole traders, the aim of which is to encourage people and small organisations to demonstrate their commitment to 'playing by the rules'.

The Council is committed to establishing Edinburgh as a leading city for work practices and socially responsible business and to encouraging businesses and individuals to commit to paying fair tax.

Key Achievements

In June 2018 we launched a new [Edinburgh Economy Strategy](#) with the aim of enabling good growth for Edinburgh. The strategy sets out eight key steps the city needs to take over the next five years to meet this aim. Each step is underpinned by the principles of innovation, inclusion, and collaboration.

Progress made in 2018/19 included embedding fair work practices in our procurement procedures. This helps to promote and encourage suppliers of goods, works and services to adopt fair work practices, such as the evaluation of suppliers' fair work practices as part of the quality evaluation process leading to contract award.

Next Steps

Work is underway to engage with businesses through Business Gateway to promote the Fair Tax Mark and Pledge (depending on the nature of the business). Within the Council's procurement arrangements and other activities, officers are also looking at how these initiatives can be promoted.

Commitment 6

Deliver the City Region Deal, making sure the benefits of investment are felt throughout the city and create space for new businesses to start and grow.

Background

The Edinburgh and South-East Scotland City Region Deal covers the City of Edinburgh, East Lothian, Fife, Midlothian, Scottish Borders and West Lothian local authorities. The Deal supports the increase of economic and inclusive growth in the City Region.

The Deal sets out a vision that builds on the city region's unique strengths to deliver a number of transformational programmes and projects across innovation, skills, transport, culture and housing themes. Together, these will deliver a step-change in inclusive growth to benefit the city region, Scotland and the United Kingdom.

Key Achievements

We agreed the [Deal documentation](#) in June 2018. The Deal Document was signed by the Prime Minister, First Minister and the City Region Leaders at the Bayes Centre on 7 August 2018. The Financial Agreement was signed in October 2018, and the Financial Grant offer letter was agreed in March 2019.

The Deal Document confirmed that the UK Government and Scottish Government will be investing £600 million into the city region over the

next 15 years. Alongside partners, comprising: the six member authorities; the city region's universities and colleges; and the private and third sectors, £1.3 billion of investment will be delivered.

Since signing the deal, partners have been focusing on:

- implementing the structure with the Joint Committee, Regional Enterprise Council and thematic Boards formed and meeting regularly,
- delivering Programmes and Projects with eight business cases and three projects approved at the first three Joint Committee meetings, and funding commenced,
- monitoring, evaluating and reporting with structure set up for all regional partners to report on progress of projects to the Programme Management Office and then on to Scottish Government. This will feed into the first Annual report, due to be published in September 2019.

Next Steps

An annual report will be published in summer 2019 and will be reported to the Joint Committee in September 2019. This will form the basis of the first

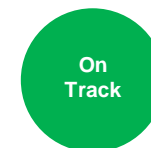
Annual Conversation with UK and Scottish Governments, also in September 2019.

The four remaining projects (out of seven) in the Integrated Regional Employability and Skills programme will be submitted to the Joint Committee for approval in summer 2019. Project business cases still to be submitted to the Joint Committee include:

- Usher Institute (expected Sep 2019)
- Easter Bush (expected Dec 2019)
- Food and Drink Innovation Hub (expected Mar 2020)
- West Edinburgh Transport (TBC)
- Sheriffhall roundabout grade separation (TBC)

The Housing Programme is also being delivered through the Housing Board, which includes representation from Scottish Government and relevant agencies. Progress will be reported through the Joint Committee.

A paper recommending an approach to regional partnerships, beyond City Region Deal projects, will be submitted to the Joint Committee in 2019.



Commitment 7

Improve access to employment and training opportunities for people with disabilities.

Background

We fund services such as All in Edinburgh and Project SEARCH to support Edinburgh’s citizens with a disability to progress towards secure, and sustained work or learning.

We also work with a range of internal and external partners through the Edinburgh and South-East Scotland City Region Deal, Joined up for Jobs network, Edinburgh Guarantee (Developing the Young Workforce) Partnership, and Locality Partnerships to promote inclusive growth.

Key Achievements

As part of our contribution to inclusive growth we have put in place services to support the city’s most vulnerable citizens, which includes specialist employability support for citizens with a disability.

In 2018 the Scottish Government put in place a new Fair Start Scotland employment support programme that includes support for people with a disability or enduring health condition.

Since 2014, Edinburgh Project SEARCH has supported 166 young people with a recognised disability aged between 16-29 years old to gain over 800 hours of hands on work experience. 75 young people have successfully completed the programme and 23 are currently taking part. Of those young people who have graduated from the programme, 83% have moved into meaningful sustainable employment, and 8% have moved into an alternative positive destination.

In 2017/18, there were 582 individuals who indicated a disability and accessed council funded employability services. This represented 15.3% of all the people supported. Although there was a decrease in 2018/19, 524 individuals represented 16% of all the people supported.

Next Steps

There are a number of employment programmes which have been allocated funding up to 2020/21. This includes the All in Edinburgh programme which supports employment for people who have a disability or long term health condition in Edinburgh.

Key measures	2017/18	2018/19	Target
Number of people with disabilities who have accessed council funded employability services	582	524	Increasing trend
% of all support provided to people with disabilities	15.3%	16%	Increasing trend

Commitment 8

Explore the introduction of fair rent zones.

Background

On 1 December 2017, Section 35 of the Housing (Tenancies) Scotland Act 2016 took effect. The Act makes provision for local authorities to apply to Scottish Ministers for approval to designate an area as a Rent Pressure Zone (RPZ), sometimes known as a fair rent zone.

Research into Edinburgh's private rented sector, and proposed interventions that can assist with tackling the issue of rents rising excessively, was completed in summer 2018 and was used to inform an update [to Housing and Economy Committee in November 2018](#). The research indicated that RPZs are not a long-term solution to rapidly rising private rents and highlights the importance of responding to pressurised housing markets through increasing the supply of affordable housing, homes across all tenures and better regulation of the short term lets sector.

Edinburgh's average monthly rent is currently over £1,100, compared to a Scottish average of £793. The next highest Scottish city is Glasgow with an

average of £772. Over the last year, Edinburgh has experienced average annual rental growth of 5.0%, compared to Scottish average annual rental growth of 1.7%.

Key Achievements

A multi-disciplinary officer working group has been established in partnership with the Association of Local Authority Chief Housing Officers (ALACHO) to coordinate those local authorities and stakeholders interested in exploring RPZs in more detail.

A communications strategy was developed to raise awareness of private rented sector tenants' rights.

A new web page was created and promoted on social media. This included information on a tenants right to challenge a rent rise by requesting an appeal by a Rent Officer.

In May 2019, Corporate Policy and Strategy Committee received an update on [Short Term Letting](#) in Edinburgh. The report sets out the impact on the city and the various actions taken by us through the powers currently available and the work

carried out with the Scottish Government in response to our concerns.

In December 2018, Citylets launched a new private rented sector to capture rents as they are set and any subsequent rent rise. To date, around half of the letting agents in the city have signed up. Initial engagement has indicated that it will be a minimum of three years to get the volume of data required to obtain a full picture of market to enable local level analysis.

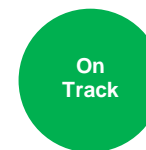
Next Steps

A further meeting with ALACHO is planned in the summer to examine the data gathering methodology for establishing an RPZ.

An officer working group has been established to develop a comprehensive strategic approach to tackling key issues facing the private rented sector. A report on the Private Rent Sector Approach, including an update on RPZ's, will be provided to Housing and Economy Committee in August 2019.

Commitment 9

Create a Homeless Task Force to investigate the growing homelessness problem in the city. The team will review the use of b&b premises and explore alternatives that better meet the needs of individuals and families with an aim to end the use of bed and breakfast facilities. Appoint a Homelessness Champion who will chair the Task Force.



Background

[The creation of the Homelessness Task Force](#) was agreed through the Housing and Economy Committee on 2 November 2017. Its remit was to:

- build on existing prevention work which further reduces homelessness assessments,
- reduce the number of people rough sleeping, accessing temporary accommodation and living in insecure accommodation,
- increase the supply of quality council led temporary accommodation provision, reducing the reliance on bed and breakfast,
- ensure that appropriate support is available for all homeless people who require it.

Key Achievements

[The actions, outcomes and recommendations of the Homelessness Task Force](#) were presented to the Housing and Economy Committee on 7 June 2018.

Progress has been made on a number of the recommendations, with further improvements planned for 2019.

Along with our partners, we have increased the number of furnished flats available for use as temporary accommodation. In addition, extra funding was made available for the Private Sector Leasing Scheme to reduce the risk of losing properties from the scheme. This has contributed to a reduction in the number of families in unsuitable temporary accommodation.

We also invested in delivering shared housing as an alternative to b&b accommodation. This new model of temporary accommodation offers additional facilities such as laundry, food storage and access to kitchens in a shared living environment.

The average length of stay in b&b has increased as a direct result of a lack of move on and settled options.

Following on from previous years, there is a continued reduction in households assessed as homeless in 2018/19.

In partnership with the third sector and the Scottish Government we have developed rapid access accommodation for rough sleepers. This provides

supported accommodation accessed by street-based outreach workers and further supports the reduction of rough sleeping in the city.

Next Steps

Scottish Government and Social Bite have provided funding to deliver Housing First packages in Edinburgh until June 2021. These packages provide intensive housing support to allow people with multiple and complex needs to access permanent housing. Delivery of these packages began in January 2019 and will increase by around five packages per month.

Through the Change Strategy and budget setting process, additional staffing resources were agreed. These resources will carry out prevention work for those at risk of homelessness in the private sector. They will also assist in increasing access to mid-market rent and provide support around income maximisation. This work will ensure a greater range of housing options is available for homeless people.

Key measures (at end of March)	2016/17	2017/18	2018/19	Target
Number of accommodation units	Dispersed Flats	604	647	785
	Supported Accommodation	198	198	198
	Hostel	169	175	176
	b&b	570	676	123
	Shared Houses	0	0	552
				Increasing trend

Key measures (at end of March)	2016/17	2017/18	2018/19	Target
Number of families accommodated in b&b	26	58	21	0
Number of 16/17 year olds or care leavers accommodated in b&b	10	13	11	Decreasing trend
Number of households in b&b	570	676	123	Decreasing trend
Average Length of stay in b&b	106	112.2	115.7	Decreasing trend
Number of households assessed as homeless	3,229	3,085	3,049	Decreasing trend



Commitment 10

Prioritise the use of brownfield sites and work with public sector and private landowners to develop land for affordable housing.

Background

The Planning Committee on 3 October 2018 agreed the actions required to continue to increase the supply of housing within the city, as set out in the [2018 Housing Land Audit and Completions Programme](#).

Key Achievements

The Draft 2019 Housing Land Audit and Completions programme recorded sufficient housing land to meet the current Strategic Development Plan housing land requirement. The

five year completions programme (previously referred to as the five year effective land supply) was also above the five year delivery target and is the highest ever recorded.

Next Steps

The project to prepare a replacement local development plan – called [City Plan 2030](#) – will set out options for the location of new developments in the period up to 2030 and beyond, including minimisation of additional greenfield developments.

Following the adoption of the [Local Development Plan](#), a large amount of newly allocated greenfield land became effective in pushing the proportion of land that is greenfield to its highest ever level. Most sites to come forward over the next few years are expected to be brownfield.

Key measures	2018/19	Target
% of capacity of units in effective land supply which are on brownfield land	55%	Increasing trend

Commitment 11

Ensure that Council policies on planning, licensing and sale of Council land give substantial weight to the needs of residents while still encouraging business and tourism.

Background

The Project to develop [City Plan 2030](#) is now underway and includes work on visitor accommodation, leisure use needs and other types of development. This is intended to help develop a planning policy framework to support a balanced mix of affordable housing, private ownership, private letting and other uses.

Key Achievements

The Edinburgh Tourism Action Group, of which we are a member, developed the [Edinburgh 2020](#)

[Tourism Strategy](#) to increase the value of tourism and enhance the city's image and reputation.

Next Steps

The project to prepare a replacement local development plan – called [City Plan 2030](#) – will set out options for changes to planning policy relating to a range of land uses, with the aim of supporting an appropriate balance.

The Edinburgh Tourism Strategy Implementation Group has been established and approved the 2020 Tourism Strategy Development Plan, including the

visitor accommodation and leisure use needs as key pieces of research.

The strategy development process is being overseen by the Edinburgh Tourism Strategy Implementation Group. Further to this, an Elected Member Working Group on Tourism and Communities is contributing to ensure the strategy is developed to include the views and concerns of residents.

Commitment 12

Review the Council's policy on promoting mixed communities. The review should be completed by summer of 2018 and should include homes of multiple occupancy, short term temporary lets and student housing.

Background

The Project to develop [City Plan 2030](#) is now underway and includes work on housing and visitor accommodation needs. This is intended to help develop a planning policy framework to support a balanced mix of affordable housing, private ownership, private letting and other uses.

Key Achievements

A Short Term Let Working Group chaired by the Convener of Housing and Economy Committee has considered options. These were reported to the [Corporate Policy and Strategy Committee in August 2018](#) and the recommendations have been discussed with Scottish Government officials. The Group has been meeting to explore issues and is currently awaiting feedback from the Scottish Government on options for action.

Research shows that currently there is no ability to control numbers or density of these within the licensing system. There is no evidence of a surplus of empty Houses in Multiple Occupation's (HMO) which would justify a conclusion of over provision.

At 31 December 2017, there were 86 purpose built student accommodation developments operating in the city. In total, they provide 18,988 bed spaces. Over the last year, there were seven developments completed accounting for 1,874 bed spaces. There are a further four developments under construction (485 beds) and 20 sites with consent (2,074 beds).

The Scottish Government has published a consultation paper on the regulation of short term lets which will be open until 19 July 2019. Through officer dialogue with government officials, it is understood that the Scottish Government is

considering the introduction of measures to regulate short term lets and is seeking evidence on the need for such measures.

Next Steps

We will work with the Member/Officer Working Group and will draw on a range of services in order to shape a response to the Scottish Governments consultation.

[The City Plan 2030](#) project includes several engagement and consultation stages, summarised in a Development Plan Scheme published in September 2018. An updated timetable will be published in a new Development Plan Scheme in August 2019.



Commitment 13

Improve planning enforcement to ensure that all developers, large or small, conform to Edinburgh’s policies and developer’s commitments.

Background

The Planning Committee approved the revised [Planning Enforcement Charter](#) in December 2017. The Charter sets out how we will deliver the statutory planning enforcement service in the city.

Key Achievements

From April 2018 to end of March 2019, there were 708 enforcement enquiries received and 67 enforcement notices served. Just over half of enforcement cases were closed within 3 months. Reducing the time taken for enforcement investigations has been identified as a priority in the Planning Improvement Plan.

Financial contributions towards infrastructure, necessary to mitigate the impact of development, are secured through planning agreements. In the period April 2018 to end of March 2019, over £15million was collected from developers for education, transport (including tram) and other infrastructure. This is nearly three times the amount collected in the previous year.

An internal audit of the developer contributions process has been completed and reported to the [Governance, Risk and Best Value Committee on 7 May 2019](#).

Performance in terms of handling non-householder applications was affected by a major IT upgrade and

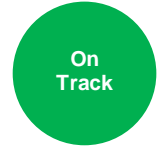
resource issues. These are being addressed through the Planning Improvement Plan.

Next Steps

From 1 June 2019, the Planning Service is trialling a new approach to the distribution of applications. It aims to allow teams to focus on a narrower range of applications to improve the efficiency and effectiveness of the service. A dedicated enforcement team covering the whole of the city has been set up.

Actions identified in the internal audit with regard to developer contributions are being implemented by Planning, Finance and Legal Services.

Key measure	2017/18	2018/19	Target
Timescales for issuing decisions on non-householder applications	60%	57%	70%
Monitor contributions collected	£5,211,469	£15,346,626	N/A
Enforcement cases resolved within timescales	Data collected from 18/19	51.5%	70%



Commitment 14

Work with the Scottish Government to review planning policy and overhaul the planning appeal system to make it shorter, more independent and give communities the right to appeal.

Background

The Scottish Government's Planning Bill is now at stage 2 in the parliamentary process. The Scottish Parliament's Local Government and Communities Committee is considering over 300 amendments to the Bill by MSPs. Progress is being tracked in relation to our interests and previously submitted evidence.

Various amendments to the Planning Bill were proposed by MSPs to introduce changes to rights of

appeal. These are being tracked through the parliamentary process and discussions have been held with various groups to explore the implications.

Key Achievements

The Planning Convener and planning officers have been working with the Scottish Government to discuss aspects of the proposals which would affect the planning system in Edinburgh.

As the Planning Bill and proposed amendments are progressed, officers have been liaising with Scottish

Government officials to provide an understanding of operational and resource implications which could arise from legislative change.

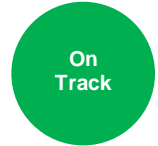
Next Steps

The Planning Bill is expected to complete Stage 3 and receive Royal Assent in the next few months.

We will respond to any Government consultation on secondary legislation and we will also collaborate with the Scottish Government in preparing the fourth National Planning Framework.

Commitment 15

Protect Edinburgh World Heritage Status and make sure developments maintain the vibrancy of our city in terms of placemaking, design and diversity of use.



Background

The [Old and New Towns of Edinburgh World Heritage Site Management Plan 2017- 2022](#) was approved by the Planning Committee in December 2017. This Plan is a strategic document which sets the framework for the preservation and enhancement of the site's cultural heritage. It contains a vision for the site, the actions necessary to protect and manage it, and how it fits alongside other strategies.

Key Achievements

The Old and New Town Edinburgh World Heritage Site Steering Group is responsible for monitoring the condition of the site (State of Conservation) and for monitoring the implementation of the actions. The Steering

Group has agreed its priority short term actions. These actions support the Management Plan objectives of improving the understanding of the site, learning and engagement, and advocacy for sustainable visitor management in the city. Following on from Scotland's Year of Young People, a joint project was delivered with Edinburgh College, Historic Environment Scotland, the Patrick Geddes Centre and over 100 students from three college campuses. They created an interactive exhibition inspired by the history of the site and featuring work from students studying computing, dance, music, costume design and professional cookery. We have an ongoing commitment to ensure the Outstanding Universal Value of the World

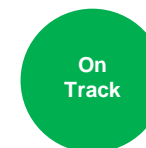
Heritage Site is taken in to account in the planning process.

Next Steps

Work is underway with Visit Scotland and other UNESCO designated sites to produce a draft UNESCO National Trail in the Scotland Strategy. A mid-term review of the Management Plan will commence in autumn 2019. The management of the site is dependent on its status being visible in other city-wide strategies that impact upon placemaking. These include transport, tourism, economic development and waste management. The Steering Group will evaluate these in the mid-term review.

Commitment 16

Invest £100m in roads and pavements over the next 5 years. This will include road and pavement maintenance, installing more pedestrian crossings, increasing the number of dropped kerbs and dedicate safer foot and cycle paths as well as introducing more pedestrian zones.



Background

The first draft of [the Roads Asset Management Plan](#) was approved by Transport and Environment Committee on 9 March 2018. The RAMP has now been expanded to include additional transport assets (i.e. cycling infrastructure) and was re-named as the Transport Asset Management Plan (TAMP). [The TAMP](#) was approved by Transport and Environment Committee on 6 December 2018. The purpose of the TAMP is to establish future maintenance and management of the overall road

network and set out options considered to take forward the management of our road assets.

Key Achievements

Additional revenue investment in 2018/19 allowed the rollout of a targeted road repair programme, increasing the number of defect repairs being carried out.

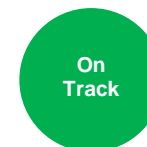
Edinburgh's footway investment continues to be at some of the highest levels in Scotland. 30% of the total carriageway and footway renewal budget is apportioned to footways each financial year, with an aim of improving resident satisfaction.

Edinburgh's Road Condition Index (RCI) has been maintained at 36.4% for the last 2 years. The levels of investment made in the last year are expected to result in an improvement in the RCI score for 2019/20.

Next Steps

The TAMP sets out increased levels of investment in capital and revenue spend for carriageway and footway renewals and repairs, street lighting and traffic signals, road safety and active travel.

Key Measures	2017/18	2018/19	Target
Road Condition Index	36.4%	36.4%	Continual Improvement
Level of total road investment	£20.747m	£23.485m	£100m by 2022
Residents satisfaction with roads	51%	42%	Increasing trend
Residents satisfaction with pavements and footpaths	53%	48%	Increasing trend



Commitment 17

Guarantee 10% of the transport budget on improving cycling in the city.

Background

Our budget for 2019/20 has set aside 10% of the Transport budget (capital and revenue) for cycling. Performance on this is reported annually to the Transport and Environment Committee

Key Achievements

The full cycling capital programme for 2018/19 was contained within a report to the Committee on [9 August 2018](#). Key initiatives include the City Centre West East Link, Meadows to George Street, West Edinburgh Link and Roseburn to Union Canal projects.

The report on the planned Active Travel Investment Programme 2019-2024, including the work undertaken in 2017/18 and 2018/19 was presented at the [Transport and Environment Committee on 20 June 2019](#). The programme projects spend of over £61m up to 2024, which will surpass the commitment to spend 10% of the transport budget on cycling.

The [Sustrans](#) Bike Life report released every two years and last reported in 2017, indicates increased levels of cycling. The survey also shows that the majority of respondents support increasing

investment levels and amount of cycling infrastructure across the city.

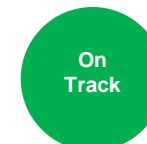
Next Steps

Work on the development of a new Active Travel Plan covering the period 2020-2030 will start soon, with the aim of having this in place by the early summer of 2020. Consultation on the new plan will involve all relevant stakeholders and members of the public. The Council's Active Travel Forum have already provided feedback to shape the new plan.

Key measures	2015	2017	Target
Residents perception of cycling in the city – cycle routes are good	53%	54%	Increasing trend
Residents perception of cycling in the city – condition of cycle routes is good	53%	47%	Increasing trend

Commitment 18

Improve Edinburgh’s air quality and reduce carbon emissions. Explore the implementation of low emission zones.



Background

Under the [Environment Act 1995](#) and the associated Local Air Quality Management (LAQM) framework, all local authorities are duty bound to review and assess air quality in their areas against national pollution objectives. Edinburgh has declared six Air Quality Management Areas (AQMAs) - five for the pollutant nitrogen dioxide (NO2) (St. John’s Road, Great Junction Street, Glasgow Road, Inverleith Row and Central) and one for fine particulates (PM10) (Salamander Street).

The Cities Low Emission Zone proposals are being developed in conjunction with the City Mobility Plan (Edinburgh’s strategic direction for transport) and the Edinburgh City Centre Transformation project (a strategy setting out interventions to radically reshape the city centre).

Key Achievements

The third annual report on the [Sustainable Energy Action Plan](#) was presented to the Corporate Policy and Strategy Committee on 15 May 2018 and highlighted the progress in reducing carbon emissions across the city.

Between 2005 and 2016, carbon emissions reduced by 33% against a target of a 42% reduction by 2020.

Per capita emissions reduced from 7.3 tonnes to 4.3 tonnes across the same period.

[The Annual Air Quality Progress Report](#) from December 2018, showed that local air quality pollutants of concern (Nitrogen Dioxide (NO2) and particles (PM2.5 and PM10)) were reducing.

The report also outlined progress with actions to improve air quality. These are predominately based on promoting cleaner transport, especially through a Low Emission Zone (LEZ) scheme, improving traffic flow, easing congestion (by use of intelligent traffic signalling) and promoting modal shift away from car use.

On 16 May 2019, the Transport and Environment Committee agreed to public consultation on [Low Emission Zone \(LEZ\) proposals](#) for Edinburgh. Scottish Government funding has been secured for this work.

Work is underway with Lothian Buses to ensure their fleet upgrade plans align with future LEZ requirements.

Although significant progress has been made, we want to go further and so we invited the Edinburgh Centre for Carbon Innovation to carry out an independent audit of the Council’s approach to

sustainability. We have accepted all of the audit’s recommendations and recently agreed [the Sustainability Approach](#) to develop an ambitious sustainability agenda for Edinburgh which includes an aspiration to be carbon neutral by 2030.

Next Steps

The results of the LEZ development work public consultation and stakeholder engagement will inform a report on next steps to the Transport and Environment Committee by the end of 2019.

Edinburgh intends to progress its LEZs through LEZ specific legislation. The necessary regulatory powers will be available for Edinburgh in early 2020.

A recount of the 2016 traffic survey is being commissioned which will update the baseline data in Edinburgh’s Air Quality Model (as part of the National Modelling Framework).

We have also agreed to revise the current Air Quality Action Plan for Nitrogen Dioxide.

Throughout the remainder of this year and next, we will be working with key and new partners, as well as individual citizens and communities, to develop a 2030 sustainability strategy that reflects the urgency of climate change and aims to deliver ‘in time’

Key measures	2016/17	2017/18	2018/19	Target
% reduction in CO2 emission from a 2005 baseline	33%	Data not yet available		42% by 2020
Air Quality Management Areas improvement	5 Air Quality Management Areas	6 Air Quality Management Areas	6 Air Quality Management Areas	Decreasing long term trend



Commitment 19

Keep the city moving by reducing congestion, improving public transport to rural west Edinburgh and managing road works to avoid unnecessary disruption to the public.

Background

A report detailing the Public Transport Priority Plan was presented and agreed on [9 August 2018](#) by the Transport and Environment Committee. This is a five year plan which includes short and medium term delivery priorities agreed with Lothian Buses aimed at reducing congestion and improving public transport.

Key Achievements

Early actions are being focussed at prioritising public transport on the A90 corridor.

A new bus operator framework has been procured.

An additional £250,000 has been added to the Supported Bus Service Budget. Current options being explored include how to re-establish a link from Balerno/Currie to St John’s Hospital.

Next Steps

Consultation is underway with west Edinburgh local communities and stakeholders to examine route options.

Rationalising bus stops and amending bus lane operating hours are the two measures in the Public

Transport Priority Action Plan that are being prioritised. Consultation on these proposals will follow later this year.

Despite a small percentage drop, satisfaction with public transport remains high.

Lothian Buses and Edinburgh Trams regularly undertake their own monitoring of customer satisfaction.

Key measures	2017/18	2018/19	Target
Increase in satisfaction with public transport	90%	88%	Increasing trend

Commitment 20

Explore the introduction of a lane rental for utility companies to reduce traffic pressures.



Background

Lane rentals are seen as a way of making sure any essential roadworks are managed efficiently to limit the amount of disruption to road users while ensuring safe and reliable roads. Existing schemes in England work by introducing a daily charge to those companies carrying out work on the road network to encourage more efficient planning and delivery.

Powers already exist in Scotland that allow councils to manage and coordinate roadworks. This is through the Scottish Roadworks Register and Noticing schemes. This is monitored by the Scottish Roadworks Commissioner.

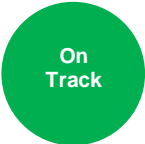
Next Steps

There are additional powers relating to the roadwork coordination currently being considered through the new Transport Bill. This includes

additional powers to increase the responsibility of the Scottish Roadworks Commissioner, extend the use of fixed penalty notices and extend the reinstatement guarantee period. Analysis of the current legal framework surrounding the feasibility of introducing a lane rental is still ongoing. Production of a business case is dependent on the legal framework allowing this to be progressed.

Commitment 21

Retain Lothian Buses and Edinburgh Tram in public ownership.



Background

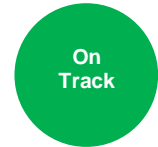
Lothian Buses is the UK's largest municipal bus company and proudly owned by the City of Edinburgh, East Lothian, Midlothian and West Lothian councils.

Key Achievements

The political commitment to retain public ownership of Transport for Edinburgh remains in place. Transport for Edinburgh has our holding in Lothian Buses to ensure public ownership is retained.

Next Steps

We will continue to ensure that the Lothian Buses and Edinburgh Tram are retained in public ownership.



Commitment 22

Deliver the tram extension to Newhaven by 2022 after reviewing the business case and delivery plan to ensure they are robust.

Background

The anticipated growth of Edinburgh means the current road network and public transport provision aren't sustainable for the number of new residents expected. Trams allow greater numbers of people to travel and help to reduce traffic problems on congested roads. They also create employment during construction, boost development along the route and connect people to centres of employment, leisure and retail.

Key Achievements

The decision to proceed with completing the existing tram line to Newhaven was made in [March](#)

[2019](#). The final business case developed throughout 2018/19, gave as many residents and businesses as possible the [opportunity to have their say](#) on the plans.

Residents, businesses and stakeholders were invited to feed into and help shape the plans, designs and traffic management arrangements during and after construction. They were also asked to provide feedback on the support available for businesses.

We received over 8,000 responses (one of the highest return rates we've seen for a consultation exercise), which led us to make a number of

changes to the designs such as the need for more crossing points on Leith Walk and improving the area around Elm Row.

The project has entered a six-month period with the two contractors now working closely with us and other key stakeholders to finalise plans for construction.

Next Steps

Work is set to get under way once the final construction plans conclude, with Edinburgh Trams timetabled to take their first passengers to and from Newhaven in early 2023.



Commitment 23

**Implement improvement plans for Waste and Cleansing Services to improve street cleanliness in every ward.
Reintroduce a free bulky item collection service to tackle fly tipping.**

Background

The Waste and Cleansing service has undergone a number of service changes and improvements since [the Waste and Cleansing Improvement Plan](#) was introduced. These include: staff structure and kerbside collection model changes; the introduction of garden waste charging; infrastructure investment at the new Energy from Waste plant at Millerhill and technological developments, including implementation of the new bin route system.

Key Achievements

Through the changes implemented as part of the Improvement Plan, the LEAMs street cleanliness score for Edinburgh has improved from 88.7% in 2017/18 to 92.0% in 2018/19.

During the Festival a dedicated street cleansing team was put in place with more than 40 additional staff joining the existing 90 city centre street cleansing operatives to cope with demand over the

busy summer period. Along with the additional resources, the #ouredinburgh campaign introduced new branding on city centre bins to encourage the public to drop their rubbish in. Posters and social media posts were also introduced to support the campaign.

A new policy for the siting of litter bins has been approved and will be subject to regular review.

The Flyspotting campaign, as part of the Zero Waste Leith Project on streets surrounding Dalmeny Street Park in Spring 2018 reduced flytipping by 44% from January 2018 to January 2019. Dumped electronics were reduced by 71% and abandoned furniture by 40%.

Introduction of a free bulky item collection service has been put on hold until a pilot collection service to encourage the reuse of materials has been completed. The service is in discussions with a potential partner, the Remakery, to carry out this pilot.

Next Steps

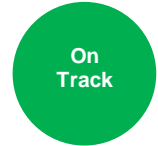
The LEAMS criteria used by authorities to assess cleanliness of relevant land is being reviewed following a revised Code of Practice. The Code clarifies organisational responsibilities, supports more effective cleanliness standards and a proactive approach to litter prevention. The updated monitoring system will provide a more modern platform. It is intended that the implementation of the monitoring system will begin in 2019/20.

More residents who use street communal services contacted us to say that a bin was full or overflowing. There were 21,868 contacts in 2018/19, an increase on the 15,155 in 2017/18. A full review of the communal bin collection service with a particular focus on those areas where waste is collected on the street will be undertaken. This will include reviewing servicing frequencies to improve the overall cleanliness of the city.

Key measures	2017/18	2018/19	Target
Reduction in communal missed bin service requests	15,155	21,868	Decreasing trend
Incidences of dumping and fly tipping	5,928	8,855	Decreasing trend
LEAMS – street cleanliness index	88.7%	92.0%	95%

Commitment 24

Reduce the incidence of dog fouling on Edinburgh’s streets and public parks.



Background

We have developed a campaign to discourage anti-social behaviours such as littering, flytipping and dog fouling. The ‘Our Edinburgh’ campaign focuses on social responsibility and community participation. The campaign is ongoing and includes targeted initiatives to reduce dog fouling.

Key Achievements

The number of dog fouling incidents reported to us has decreased from 2,590 in 2017/18 to 2,250

in 2018/19. Over the same period, the number of fixed penalty notices given for dog fouling incidents has increased from 17 to 22.

The ‘Our Edinburgh’ campaign continues to tackle anti-social behaviours, including dog fouling. By using localised and targeted channels in hot spot areas, localities are able to work with residents and community groups to personalise campaigns in their areas. In 2018/19 there have been a number of successful initiatives, including in

Murrayburn and Magdalene. Residents were given practical advice and information on the nearest bins and their uses. The service also delivered additional caddies and caddy bags.

Next Steps

The service will continue to roll out and expand the ‘Our Edinburgh’ campaign across the city to engage with communities about the appropriate means to prevent littering.

Key measures	2017/18	2018/19	Target
Fixed penalty notices for dog fouling	17	22	Increase reporting, decrease incidents
Dog fouling service requests	2,590	2,250	Increase reporting, decrease incidents



Commitment 25

Increase recycling to 60% from 46% during the lifetime of the administration.

Background

Our [Recycling Strategy](#), published in 2010 aimed to deliver an overall recycling rate of 60% by 2017. This comprised of 50% being delivered through sorting of waste at source, with an additional 10% being delivered through thermal treatment. Since the Strategy was first published, a number of assumptions have changed. This includes: the opening of the thermal treatment facility at Millerhill, a delay to improvements for communal recycling services and changes to the way recycling rates are calculated by SEPA.

Key Achievements

A [report](#) outlining the progress to date on our Recycling Strategy 2010-2025 was reported to Transport and Environment Committee on 9 August 2018. This report set out the challenges and opportunities to increase recycling and proposed a forward plan of actions for the coming years.

There has been an improvement in the percentage of waste recycled during the lifetime of the strategy with performance showing an increase from 30.4% to 41.1%. This is comparable with other local authorities in Scotland and higher than most other large cities.

Although recycling rates have reduced over the last three years with the number of households increasing every year, the city has produced less waste. This year 207,157 tonnes of waste were disposed. This is 1.3% less than in 2017/18.

The Infrastructure Improvement Plan has delivered improvements to the Household Waste Recycling Centres. The plan seeks to maximise site efficiency and customer experience. Improvements included new signage and two sites redeveloped to include transfer stations.

Next Steps

The service will undertake a Communal Bin Review which will involve the redesign of the existing waste and recycling communal bin services. The aims of this review are to:

- increase and improve recycling services to residents in multi-occupancy and flatted properties,
- improve overall recycling performance;
- review existing bin locations to develop more formalised collection hubs to improve the perception of the service and enhance the streetscape,
- improve the service reliability and ensure it reflects changes to legislation and policies.

The amount of material being rejected by the sorting plants increased in 2018/19. One reason for this is the increasingly challenging market conditions in the recycling sector. We're working with our reprocessing partners to reduce the amount of material that's rejected.

The Scottish Government are introducing a deposit return scheme for some plastics, cans and glass. The service will need to consider the implications and opportunities that arise from the legislation.

Key measures	2017/18	2018/19	Target
Percentage of Waste Recycled	42.6%	41.1%	60% by 2022


 Making Progress

Commitment 26

Improve parking for residents by expanding provision of park and rides for commuters.

Background

Actions to improve usage within existing Park and Ride sites are contained within the [Local Transport Strategy 2014-19](#).

Key Achievements

On the 17 May 2018 the Transport and Environment Committee agreed not to progress with a [new Park and Ride site at Lothianburn](#), but to review patronage at the existing site at Straiton with a view

to increasing its usage. An update on this will be reported to Transport and Environment Committee in early 2020.

The Park and Ride development and expansion strategy was first approved in 2009. Expansion of Hermiston Park and Ride is a ready to go project, but no capital funding is yet available to deliver it.

The Ingliston Park and Ride is also operating at capacity and requires expansion. Options to finance

expansion through charging will be explored and reported back for consideration by Transport and Environment Committee in early 2020.

Next Steps

Measures to improve the Straiton Park and Ride are still under development and the options to finance expansion of Ingliston and Hermiston will be investigated further.

Commitment 27

Tackle pavement parking and reduce street clutter to improve accessibility.

Background

[In May 2018](#), the Transport and Environment Committee approved the proposed strategy and measures required to be put in place to deliver a citywide ban on all forms of temporary on-street advertising structures, not just 'A' Boards. The aim of the strategy is to prioritise safe movement and improve the quality of Edinburgh Streets.

The proposed new Transportation Bill is currently going through the Scottish Parliament. The Bill aims to introduce a national ban on pavement and double parking so roads are safer and more accessible to all.

Key Achievements

The citywide ban on all temporary on-street advertising structures came into force in November 2018. Environmental Wardens visit businesses to ensure awareness and maximise compliance with the ban, with formal enforcement action taken on those that remain non-compliant.

Since the implementation of the ban, wardens have visited and provided advice to 216 premises, served 24 notices requiring removal of an 'A' Board(s) and confiscated nine of those from five premises for failing to comply with the notice.

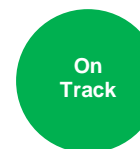
One of the key objectives of our [Street Design Guidance](#) is to ensure that the city's streets are

accessible and easy to navigate. The guidance has been updated to make businesses aware of the ban on temporary advertising and need to have storage space off street to accommodate segregated containers for trade waste.

Next Steps

The new Transportation Bill is currently going through the Scottish Parliament with stage 2 amendments to the Bill expected to be discussed by late June 2019. The Bill will detail the timescales for introducing the ban on pavement parking and the enforcement action that councils can take.


 On Track



Commitment 28

Create a first-class education estate – building 2 new secondary schools and 10 new primaries by 2021. Ensure safe standards are met by rigorous inspections of new and existing school buildings.

Background

The capacity and quality of the school estate is under continual review. The school roll projections are at the centre of the strategic planning process to ensure existing and future schools provide sufficient accommodation for catchment pupils.

A full survey of the safe standards of the school estate was completed in September 2017.

Key Achievements

Following full estate survey completion in September 2017, the five-year resurvey programme is underway. The survey programme is informing the scope of a £120m five year capital upgrade programme approved by Council in [February 2018](#).

Additional money to introduce a Planned Preventative Maintenance Programme was approved at the same time, which is now being rolled out.

The figure remains at 100% of condition surveys completed within a five year timeframe. 117 Communities and Families properties were surveyed between October 2017 and March 2019 (19 Nursery Schools; 71 Primary Schools; 7 High Schools; 20 Community Centres).

One new primary school has been built and is operational (St. John's RC PS). Work started at one secondary (Queensferry HS) which is due for completion in March 2020. Full budget committed for a replacement High School in Craigmillar and

planning application submitted, construction due to start early 2020.

Next steps

Construction of Broomhills Primary School (Frogston Road East) will commence in June 2019.

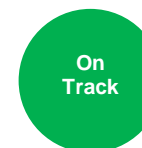
Construction of South Edinburgh (Cannan Lane) and replacement Victoria primary school will commence summer/autumn 2019.

Planning application for Phase1 of Trinity Academy replacement will be submitted before end of 2019.

Key measures	2017/18	2018/19	Target
Number of new schools where construction has commenced	0	2	Construction commenced for 2 secondary schools and 10 primary schools by 2021
Percentage of conditions surveys completed	100%	100%	100% of the school estate surveyed by Autumn 2022

Commitment 29

Improve and protect access to additional languages and music tuition and encourage more children and young people to gain vital skills in construction, engineering, digital technology, maths and science.



Background

We aim to ensure pupils benefit from arts and cultural activities as well as having the skills required for STEM (Science, Technology, Engineering & Maths) jobs. The 3-18 Strategy for Languages, the [Lifelong Learning Service Plan](#) and the Edinburgh Learns Framework are in place to help deliver this.

Key Achievements

The City of Edinburgh Council 3-18 Strategy for Languages is currently being updated to ensure alignment with the National Improvement Framework (NIF 2018) and national developments and priorities. Implementation supported by a newly appointed Quality Improvement Officer for languages and a part-time Development Officer. In line with guidance from Education Scotland and HMI, focus is on ensuring robust, sustainable and progressive models are in place for Language 2 across the Broad General Education. Planning for Language 3 models appropriate to local contexts remains a focus. This is supported by the [Education Authority Improvement Plan](#) and 'One plus Two Approach' language plan.

All school clusters provide opportunities to explore language and culture through 1+2 in Broad General Education and into the senior phase. There is a

strong focus on cluster working and enhancing transitions through languages learning. This provision benefits from a growing number of strong, sustainable partnerships with Higher and Further Education establishments, outside agencies, parents and communities.

Growing partnerships with Napier and Edinburgh Universities offer near-peer contact for our learners and meaningful access to university facilities. University participants in the Languages Beyond University programme run with Edinburgh University, attract core degree credits. Our partnership work in languages has been recognised nationally as contributing positively to pupil experience. Native speaker support in schools is being enhanced through the development of partnerships with universities in target language countries, which support our schools to host student teachers as part of Initial Teacher Education programmes in primary and secondary sectors.

A Quality Improvement Officer continues to support schools in accessing Erasmus + funding for both staff and pupil mobility. Successful applications for funding have afforded pupils and staff meaningful links with schools in other countries. Enhanced support has been targeted at Scottish Attainment Challenge schools.

Music tuition is a key deliverable within the new Lifelong Service Plan. During 2018/2019 the new Youth Music Initiative (YMI) provision for Primary 2s has resulted in an overall increase in the number of pupils learning music through these programmes.

YMI resources for Early Years and Primary continue to be well used and are supported by a programme of Career Long Professional Learning for staff.

The Instrumental Music Service (IMS) continues to deliver instrumental music lessons in every mainstream school in the city from P4/5 to S6, supporting national qualifications in the senior phase.

'Raising Aspirations in Science Education' (RAiSE) developed a partnership with the Further Education sector through the STEM (Science, Technology, Engineering & Maths) Inspiration Experience working party. RAiSE has collaborated with the college to ensure their coursework for upper primary is mapped to the Curriculum for Excellence (CfE) experiences, outcomes and benchmarks.

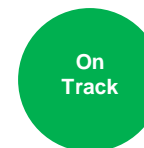
The RAiSE programme provided funding for a two-year period which ended in December 2018.

Next steps

We identify an appropriate STEM measure to replace those used by the RAiSE programme.

Key measures	2016/17	2017/18	2018/19	Target
% of Primary Schools delivering Language 2 progressively	Collected from 17/18	90%	97%	100% by 2020

Key measures	2016/17	2017/18	2018/19	Target
% of schools engaging with the RAiSE programme	Collected from 17/18	86%	91%	Increase by 5% by end of programme
Number of children and young people accessing music tuition	19,822	19,128	Not yet available	24,150 for 18/19
% of children achieving expected CfE level for numeracy by Primary 7	75.6%	78.2%	Not yet available	Increase by 2% per annum to session 21/22



Commitment 30

Increase the number of classroom assistants and support staff for children with additional needs to improve attainment and wellbeing.

Background

We aim to ensure that all pupils achieve the best possible physical and emotional wellbeing and education outcomes.

Key Achievements

Pupil support assistants (PSA) recruitment continues throughout the school session with an increase in the budgeted number for Special Educational Needs and Special Schools.

The Additional Support for Learning Service successfully launched new PSA training with 809 Pupil Support Assistants participating in cluster training programmes in August and September 2018. This represents around two thirds of all PSAs. This has involved staff from schools across the authority. Training has focused on Autism, Specific Learning Difficulties and Literacy. Immediate evaluations of impact indicate that there have been improvements in practitioner skill and confidence.

The majority of PSAs in all clusters have been trained in equality, inclusive practice and promoting positive relationships.

The Wellbeing Academy has provided a progression pathway for PSAs with a particular focus on building capacity and experience around supporting emotional wellbeing. It has also provided a framework of support to the PSOs, involving a collaborative approach working closely with Psychologists from the Child and Adolescent Mental Health Service (CAMHS) and the Psychological Service.

Thirty Pupil Support Officers have been trained across the city, with a specific focus on promoting wellbeing through resilience and Low Intensity Anxiety Management approaches. School measures also show an improvement in learner health and wellbeing and a reduction in anxiety.

The Additional Support for Learning (ASL) Service and Early Years colleagues are testing a

pooled approach where an experienced PSA provides targeted support to a number of settings. The development of PSA academies delivered in localities is being explored to target training needs specific to local needs.

A new support team has been developed to build capacity in relation to autism and challenging behaviours in special schools and classes.

PSAs are included in autism programmes in all sectors.

Next steps

Induction training on Inclusive Practice is being offered to all new school staff and follow up training for all experienced staff next session.

We will undertake a review of the process of allocating support hours for schools and agree the new audit process for session 2021.

Key measures	2017/18	2018/19	Target
Number of FTE pupil support assistants employed (budgeted specific to Special Educational Needs and Special Schools)	584	607	Increase by 50 FTE by session 20/21
Number of pupil support assistants trained in wellbeing and attainment (all schools)	Collected from 18/19	800 (approx. 67%)	100% by session 21/22



Commitment 31

Expand training opportunities for adults and young people linking with colleges and expanding vocational education.

Background

We work with its partners through the Schools College Partnership to ensure the offerings and pathways are in place for young people leaving school. Adult Education Programmes are delivered across the city.

Key Achievements

The Edinburgh Learns Pathways Strategic Board has representatives from education sectors 3-18, Skills Development Scotland, Edinburgh College and Developing the Young Workforce (DYW) Regional partners. Ensuring that the Youth Employment strategy milestones are achieved is a key focus and this is helping to drive DYW.

Employer engagement with schools has improved with the development of DYW Locality partnerships, and DYW events in schools are now being more effectively supported by local industry. Events such as the DYW Conference and Jobs Fair ensure that young people across Edinburgh are having greater opportunities to explore vocational pathways.

The Edinburgh Learns Pathways Board is also developing an online regional prospectus for the senior phase to provide an overview of the learning choices and pathways available to promote value and viability of vocational and academic learning and equity in the offer to all of Edinburgh's young people.

In collaboration with Edinburgh College, Skills Development Scotland (SDS), the DYW group and Schools and Lifelong Learning led a presentation to parents within the North-East locality on the range of pathways open to young people, including contributions from a Modern Apprentice and employer partners.

The Adult Education programme engaged with just under 15,000 learners and was above the lower target that had been set due to staffing and budget reductions.

The participation in ESOL classes was maintained at a similar level to 2017/18 despite anticipating a decrease of approximately 250 learners in 2018/19 due to reduction in Lifelong Learning staff and funding for tutors. This is likely

to be because the college were able to maintain previous levels of funding for tutors.

A Housing and Construction Infrastructure (HCI) Skills Gateway project, within the £25m Integrated Employability and Skills Programme of the Edinburgh and South East Scotland City Region Deal was approved by Joint Committee in March 2019. This will include new short courses, upskilling and new programmes to meet new skills and jobs needs, and will help to address the forecasted gap of 3,000 job roles in the next seven years across the South East Scotland regional construction sector, which the current supply system will be unable to achieve.

Next steps

As part of Edinburgh Learns, a draft strategic framework for Pathways will be available from June 2019.

Targets for Adult Education programme are to be set for 2019/20 as part of the Lifelong Learning Plan.

Similar level of funding for ESOL tutors may not continue in future years.

Key measures	2017/18	2018/19	Target
Number of senior phase age pupils studying vocational qualifications delivered by Edinburgh college	338	211	Increase by 2% per annum
Number of learners engaging in the Adult Education Programme	17,125	14,962	14,000 for 2018/19



Commitment 32

Double free early learning and child care provision, providing 1140 hours a year for all 3 and 4 year olds and vulnerable 2 year olds by 2020.

Background

The Scottish Government published [‘A Blueprint for 2020: The Expansion of Early Learning and Childcare in Scotland – Action Plan’](#) in March 2017.

Key Achievements

The City of Edinburgh Council’s Early Years Service started phasing in 1,140 hours of funded Early Learning and Childcare (ELC) in August 2017. 49 local authority settings and 22 partner providers are now providing the increased funded hours to children aged 3-4 years eligible 2 year olds in their settings, enabling approximately 2,000 children and families to benefit from access to the increase funded hours in advance of August 2020, when 1,140 hours will become an entitlement.

Overall feedback from settings involved in phasing in the expansion continues to be positive. As well as supporting the development and

learning needs of the children, parents are reporting the positive impact on family life, household income opportunities for parents and carers to access work and training.

Our workforce development plan to support the delivery of the programme is on schedule with approximately 300 of the estimated required 650 staff recruited to date.

The Early Learning and Childcare Expansion Plan continues to progress the delivery of expanded provision of 1140 funded hours.

[A Progress and Risk update](#) was reported to the Education, Children and Families Committee in December 2018 with [an update on the Workforce](#) reported in March 2019.

51% (49/96) of Local Authority (LA) settings and 19% (22/114) of partner provider settings provide 1140 hours. The increase for LA settings is due to the introduction of forest kindergartens across the city. Eleven partner providers joined the pilot to phase in 1140 hours in January 2019.

260 eligible 2 year olds are accessing 1140 hours at May 2019. We aim to increase this to 33% by June 2019 through increase provision within new build settings.

Next steps

As reported to Council Committee, the funding gap between our local expansion estimates and the allocated Scottish Government funding presents a risk that we will be less able to provide flexible models of delivery for the 1140 hours to support parents being able to access work. This risk has been increased by the fact that the cost returned following the tender process for new build nurseries is higher than estimated. We continue to highlight this to the Scottish Government and the Scottish Futures Trust and will work to manage the expectations of parents regarding the flexibility to be offered in local authority settings.

Key measures	2017/18	2018/19	Target
% of Early Years settings providing 1140 hours of funded Early Learning and Childcare	29%	51%	100% by Aug 2020
% of vulnerable 2 year olds accessing 1140 hours	12%	26%	100% by Aug 2020



Commitment 33

Make early years’ provision more flexible to fit families’ needs and provide additional resources to families in difficulty so that no children are educationally disadvantaged when they start formal schooling.

Background

The Early Learning and Childcare Expansion Plan continues to progress the delivery of expanded provision of 1140 funded hours with increased flexibility being provided through a locality model.

Key Achievements

210 settings provide Early Learning and Childcare (ELC) in Edinburgh. Since August 2017 we increased the options for delivering the funded entitlement by bringing ten childminders into partnership with the local authority and established three forest kindergartens in the North West of the city. 110 children are now able to access their ELC through these approaches.

Flexible options were set out in the [Early Learning and Childcare Strategy](#) reported to the Education, Children and Families Committee in August 2017. Flexible options are being delivered through settings providing the expanded 1140 hours and the existing 600 hours.

61 from 96 local authority settings, representing 64%, and 104 from 114 partner provider settings

are providing more than one option of early learning and childcare for parents.

The previously reported progress referred to local authority provision only. The revised delivery model outlined in the [current progress and next steps](#) report to the Education, Children and Families Committee in August 2018 provides detail on increased flexibility through a locality model.

In December 2016 we trained a team of CEC Hanen trainers who are qualified to deliver high quality staff development sessions on Hanen approaches to supporting early language acquisition. The team offer Hanen Teacher Talk to whole staff teams. This is a one day session that highlights key strategies for practitioners in supporting children’s language development. They also offer Hanen Learning Language and Loving It, which is a five session course developing a much deeper understanding of the significance of the adult role, involving analysing video of interactions and reflecting on practice. We work closely with Hanen trained Speech

Therapists to ensure a joined up approach to delivering Hanen across the city.

We targeted establishments with high levels of SIMD 1 & 2 initially, and we have gradually extended the offer more widely.

So far 36 Early Years settings have undertaken Hanen Teacher Talk. Individual staff members from 18 Early Years settings have attended the longer Learning Language and Loving It course.

Next steps

As reported to Council Committee, the funding gap between our local expansion estimates and the allocated Scottish Government funding presents a risk that we will be less able to provide flexible models of delivery for the 1140 hours to support parents being able to access work. We continue to highlight this to the Scottish Government and the Scottish Futures Trust and will work to manage the expectations of parents regarding the flexibility to be offered in local authority settings.

Key measures	2017/18	2018/19	Target
% of Early Years settings providing more than one option of early learning and childcare for parents	45%	64%	100% by Aug 2020
% of Primary 1 pupils living in the most deprived areas achieving expected literacy level	62%	63%	Increase by 5% by session 20/21

Commitment 34

Prioritise services for vulnerable children and families and looked after children, and support organisations working to end domestic abuse.

Background

We have invested in early intervention and prevention services and works with partners in Health, Police and Third Sector to ensure the needs of vulnerable children and families are met. This includes supporting those affected by domestic abuse.

Key Achievements

We have continued to prioritise these services and there is evidence that earlier intervention and effective multi-agency working is reducing the numbers of children who need to be Looked After or are subject to child protection procedures.

[The Corporate Parenting Action Plan](#) was endorsed by full council on 28 June 2018. We have put in place a Champions Board of Looked After and care experienced young people, and we have employed two care experienced participation officers to widen the participation of care experienced children and young people in our corporate parenting planning.

The number of children in Edinburgh who need to be Looked After, including those accommodated away from home, has reduced to its lowest in 10 years. We attribute this to a number of developments including the implementation of restorative, strengths based and relationship-

based practice across services, the impact of specialist services including Family Group Decision Making, Kinship Support Team and Multi-Systemic Therapy, and the increasing confidence and competence of staff in the Getting it Right for Every Child approach.

Measures are in place the Corporate Parenting Action plan to improve communication between schools and social work regarding attendance rates of looked after learners and to put plans in place when attendance is low.

Edinburgh has a robust inter-agency approach to child protection resulting in effective risk assessment and appropriate planning to address risk. This has helped to reduce the number of children on our Child Protection Register to its lowest ever level.

Edinburgh Council works closely with Police Scotland and other agencies to assess and address risk when young people are going missing and may be exposing themselves to risk. We have a proactive and collaborative model of practice in which a multi-agency group has daily oversight of risks and concerns. This is helping to improve relationships with staff and young people and this in turn has reduced the number of missing person incidents from our children's residential units and the number of offences

reported which involve young people in residential units. It has also helped to reduce the need for secure accommodation particularly among teenage girls.

Our reduced usage of secure accommodation has allowed us to sell part of our residential estate to NHS to create an Equally Safe Multi-Agency Centre which will improve services to child and adult victims of sexual and other assaults and abuse.

All Domestic Abuse targets set within the first year of the contracts have been exceeded and variations have been agreed to reflect new targets.

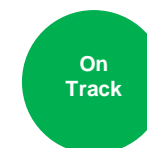
The Collaborative Partnership are currently redesigning a refuge pathway to allocate spaces and move-on accommodation to match women's needs and ensure the right support is offered at the right time.

The Housing Group are also finalising a Housing Policy for anyone fleeing Domestic Abuse who is seeking accommodation.

Next steps

The optional 12 month extensions until November 2020 for Domestic Abuse services are to be confirmed with the service providers.

Key measures	2017/18	2018/19	Target
Rate of Looked After Children per 1,000 population	15.5	14.5	Decrease to 15.3 by 2020
Percentage of LAC pupils with low school attendance	30%	31.4%	Decrease by 10% by session 20/21
Funding invested by CEC in domestic abuse services	Collected from 18/19	£1,194,734	This funding will continue to provide accommodation and support for a further year
No of women and children supported in a year	Collected from 18/19	1176 women 267 children	Demand for these services continues and organisations strive to engage with as many clients as possible.
% of women and children who report feeling safer	Collected from 18/19	68% of women 35% of children	Services address many different issues with clients but safety remains a priority



Commitment 35

Improve access to library services and community centres making them more digital, and delivering them in partnership with local communities.

Background

The Library and Information Service plays a vital role providing free access to a range of reading, media, IT and information services to all citizens from babies to the oldest in our communities. Services are delivered in a variety of ways to meet the needs of our customers.

Community centres provide meeting places for a variety of local clubs, classes and public forums, venues for family and children's activities and offices for community projects.

Key Achievements

Library visitor figures recovered slightly in 2018/19 with 3,013,575 visitors to library buildings during the year. Downloads of ebooks, magazines and newspapers continues to increase and doubled during 2018/19 to just below 1 million downloads for the year.

In partnership with the Scottish Library and Information Council, a co-working hub has been launched in Central Library, opening up access to library resources, ICT and physical space for entrepreneurs and business start-ups.

Film Clubs in Edinburgh Libraries continue to show films representing a wide variety of different genres at Libraries across the City, whilst giving Edinburgh Libraries the opportunity to show special screenings for Autism Awareness Week and Deaf Awareness Week. Recently McDonald Road Library introduced a film club for regular library users including homeless people who visit the library; by popular demand it runs fortnightly and has benefited everyone who attends.

Edinburgh Libraries is a partner in the Living Knowledge Network created by the British Library, library members and visitors benefit from exhibitions of British Library material such as the Harry Potter and forthcoming Writing exhibition, that complement library collections and have the opportunity to attend live screenings from the British Library featuring well known authors and speakers at their local library.

2,922 children and young people completed the Summer Reading challenge by reading 6 books or more during the school holidays. In Edinburgh 67% of children and young people that started the

challenge completed it, 10% higher than the national average.

A Community Centre Handbook has been developed, clarifying essential information on Health And Safety, safe management of facilities and the responsibilities of the different parties - Facilities Management, Lifelong Learning, Community Centre Management Committees and Business Support.

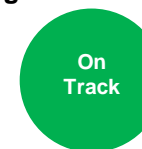
A key holder procedure has been piloted at selected Community Centres. Feedback from the pilot is being evaluated and the revised procedure will be introduced at appropriate centres in the Autumn of 2019.

Next steps

Level of physical lending continues to decline, this reflects a national trend. Ongoing challenges with the Library Management System have contributed to reducing the number of items borrowed.

During 2019/20 libraries will focus on staff training and customer engagement to support the use of digital services which will replace the provision of print magazines in libraries.

Key measures	2017/18	2018/19	Target
Digital use – downloads and streaming	461,000	964,120	650,000 for 2018/19
Total number of library customer transactions	6.96m	6.66m	Increase by 5% for 2018/19



Commitment 36

Support the continued development of Gaelic Medium Education.

Background

We are committed to working in partnership with Gaelic communities, Council staff, organisations who deliver Gaelic services, and importantly, Bòrd na Gàidhlig and the Scottish Government.

Between October and December of 2017, we held consultation with Gaelic communities around the future Gaelic Language Plan and importantly, the priorities for action moving forward.

Key Achievements

The number of pupils attending Gaelic Medium Education (GME) provision has increased.

90 children currently attend GME nursery. Values have been refreshed this year and there is strong parental involvement with children's learning and development. The United Nations Convention on the Rights of the Child (UNCRC) is embedded within the practice of the setting.

A review of the quality and quantity of the current provision was undertaken and helped inform the [Gaelic Medium Education Strategic Growth Plan](#) presented to the Education, Children and Families Committee in October 2018.

Review of Gaelic Medium Education was carried out by Quality Improvement Team in August 2018.

The Gaelic Implementation Plan was drawn up as a result of findings of review.

The newly appointed Quality Improvement Officer for Languages is working with Headteachers of Gaelic Primary and James Gillespie's High School (JGHS) to identify priorities and take forward actions points from plan.

Gaelic Medium Education staffing at JGHS increased through appointment of Curriculum Lead for Gaelic and additional teaching staff since August 2018.

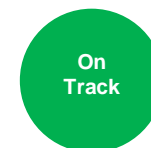
Three existing teachers are currently being funded to follow the Gaelic Immersion for Teachers (GIIT) course to further strengthen staffing in secondary and primary.

Enhanced staffing at JGHS has allowed for staff across the two settings to work together to improve learners' experience of GME in the primary school. There is a strong focus on enhanced transitions to the secondary setting, including increased Additional Support for Learning provision.

Next steps

Rising numbers in GME within Edinburgh necessitate extending provision. Planning in progress for additional accommodation for both primary and secondary GME. Related issues such as recruiting and maintaining staff and creating local professional development models are currently being explored.

Key measures	2016/17	2017/18	2018/19	Target
Number of pupils on the rolls of Primary and Secondary GME	306 Primary 88 Secondary	348 Primary 108 Secondary	376 Primary 107 Secondary	Increasing trend
Number of staff trained to deliver Gaelic Learner Education as part of the strategy on 'One plus Two' Languages	12	13	13	Increasing trend



Commitment 37

Continue to integrate Health and Social Care Services. Review the Integration Joint Board's approach to support at home by 2018.

Background

Since 2016, work has been underway across Scotland to integrate health and social care services in line with the requirements of the Public Bodies (Joint Working) (Scotland) Act 2014. The Edinburgh Integration Joint Board (EIJB) directs us and NHS Lothian on how to deliver services through a partnership model. The partnership for Edinburgh is called the Edinburgh Health and Social Care Partnership (EHSCP).

Key Achievements

This year, the EHSCP developed a draft strategic plan for 2019 – 2022. The plan details how health and social care services will be developed

and delivered, and was tabled at the IJB meeting on [29 March 2019](#).

One way the EHSCP supports people to stay at home is by providing care at home services. This year, they launched the Sustainable Community Support project which is focused on working collaboratively with care at home providers to reduce waiting times and identifying alternative models of care to support people to live independently.

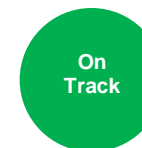
The number of people delayed in hospital waiting discharge has reduced in the last six months, and the number of people waiting for a package of care in the community has also fallen.

Next Steps

The EIJB will continue to engage with citizens by defining the 'Edinburgh Offer', as set out in its Strategic Plan and transformation programme, which will set out the expectations for citizens in relation to available support.

Develop a 'three conversations' way of working. This will improve people's experiences and promote independence, early intervention and preventative ways of working.

Key measures	2016/17	2017/18	2018/19	Target
Percentage of adults receiving personal care in the community setting (out of all adults receiving this support in a community, residential or hospital setting) (as end March)	57%	57%	57%	60% by Apr 2019
Late discharge from hospital (as end March)	176	267	158	No one to wait more than 72 hours for discharge
Percentage of adults supported at home who agree that their health and care services seemed to be well co-ordinated (every 2 years)	every 2 years	67%	every 2 years	Scotland's average for 17/18 is 74%, Aim to be above the national average



Commitment 38

Take steps to increase the length and flexibility of care visits and increase the availability of care to help people live in their own homes.

Background

The Edinburgh Integration Joint Board (EIJB) directs us and NHS Lothian on how to deliver services through a partnership model. The partnership for Edinburgh is called the Edinburgh Health and Social Care Partnership (EHSCP). The EIJB is committed to providing services which support people to live at home, in their own community, for as long as possible.

Key Achievements

In response to both short and long-term capacity challenges for care at home support, the EHSCP

launched the Sustainable Community Support Programme in October 2018, with a targeted rate uplift scheme for providers. This incentivised increased recruitment and collaborative working with the EHSCP. There are now 13 qualifying providers in this programme.

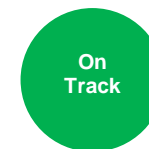
Providers have committed to delivering sustainable growth of 20% by October 2019, through recruitment and lower staff turnover. Since the programme was established, there has been a 17% increase in the number of care workers employed by these providers.

The improved relationships between providers and the EHSCP have had a positive impact on the number of people in both hospital, and the community waiting for care in their own home. These benefits have been achieved through improved coordination and matching of need to the available capacity within both the external and internal services.

Next Steps

The EHSCP is continuing with the model of care developed by the Sustainable Community Support Programme.

Key measures	2016/17	2017/18	2018/19	Target
Percentage of adults receiving personal care in the community setting (out of all adults receiving this support in a community, residential or hospital setting) <i>(as end March)</i>	57%	57%	57%	60% by Apr 2019
Number of people waiting for a package of care <i>(as end March)</i>	444	988	480	Decreasing trend in recent months
Percentage of adults supported at home who agree that they are supported to live as independently as possible <i>(every 2 years)</i>	every 2 years	79%	every 2 years	Scotland's average for 2018 is 81%, Aim to be above the national average



Commitment 39

Put exercise at the heart of our health strategy by increasing access to sport and leisure facilities.

Background

We are committed to improving the health and wellbeing of our citizens.

Key Achievements

A key component of [Edinburgh Learns](#) published in October 2018 is the Health and Wellbeing framework which details practice that should be visible in all our schools and centres, to ensure health and wellbeing across learning.

In 2017/18 the Active Schools Programme was delivered to over 19,000 pupils in Edinburgh. 45 primary and 20 secondary schools have registered for the School Sport Award and over 350 people came to our awards night to recognise the work of schools and local sports clubs in March 2018.

[Physical Activity and Sport Strategy: An Interim Progress Report](#) presented to Culture and Communities Committee in March 2019 lays out a range of proposed recommendations to assist the effective establishment of a new strategy for

everyone. A consultation process on a new Physical Activity and Sport Strategy for the period 2019-2023 concluded in February 2019.

We support sports clubs and community organisations through long term leases of Council owned sports facilities. Currently, over 40 organisations benefit from these arrangements. Two of our smaller Sport Centres previously run by Edinburgh Leisure, namely the Craggs Sports Centre and the Queensferry Sports Centre, transferred to local community organisations. The transfer of both facilities has proven to be successful and they have developed thriving community based programmes.

Working with Edinburgh Leisure is critical to success in reaching individuals and communities that need support to be active and improve their health and wellbeing. Edinburgh Leisure are involved in our Community Learning & Development Strategic Partnership and are members of Edinburgh Children’s Partnership.

The Looked After & Active project supported 653 Care Experienced Children to get active and healthy with Edinburgh Leisure.

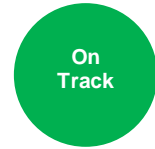
The Positive Destinations and Young ambassadors’ projects have offered educational, employment, volunteering and personal development opportunities to 318 young people.

The Friday night activity programme Open All Hours welcomed approximately 250 young people every Friday.

Next steps

We will establish a Physical Activity Strategy group and a city wide Delivery Action group. We are proposing a new Sports Partnership group to include sportscotland, National Governing Bodies, Universities, schools (local authority and independent), Edinburgh Leisure and sports clubs to oversee the implementation of the agreed objectives within the sport element of the Strategy.

Key measures	2016/17	2017/18	2018/19	Target
Attendance at sport and leisure facilities (Edinburgh Leisure)	4,627,044	4,471,704	4,338,251	4,290,234
Number of young people participating in sport, physical activity and outdoor learning (includes Active Schools Programme)	22,431	24,086	Data not yet available	Increasing trend



Commitment 40

Work with the Integration Joint Board (NHS & Council Social Care) and other agencies to prioritise early intervention and prevention in mental health services.

Background

Mental illness is one of the major public health challenges in Scotland, with around one in three people estimated to be affected by mental illness in any one year. In December 2018, the Scottish Government set out its [Delivery Plan](#) for Mental Health, which acknowledges that support for mental health needs to be focussed on prevention and speedy treatment.

The Edinburgh Integration Joint Board (EIJB) directs us and NHS Lothian on how to deliver services through a partnership model. The partnership for Edinburgh is called the Edinburgh Health and Social Care Partnership (EHSCP). Support for people with Mental Health problems is one of the services delegated to the IJB and delivered by the EHSCP.

Key Achievements

The EHSCP have developed 'Thrive Edinburgh', a comprehensive Mental Health and Wellbeing Strategy which is named to reduce the stigma that is associated with mental health services. The strategy, which was developed with extensive user engagement, has six areas of

focus: building resilient communities, a place to live; getting help when needed; rights based care; closing inequalities gap; meeting treatment gaps

Achievements for 2018/19 include:

- One of four UK sites implementing through open access mental health services.
- Community of Practice focusing on trauma, adverse childhood experiences and resilience.
- Implementation of the Wayfinder Pathway further shifted the balance of care to community provision with 26 additional highly supported tenancies.
- The annual *Out of Sight, Out of Mind* arts exhibition attracted more than 2,000 visitors to view 350 art works created by 153 artists.
- Over 200 staff trained in The Prospect Model a matched care model for the provision of the evidence-based Interpersonal Psychotherapy'.

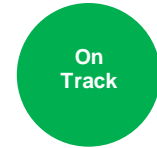
Next Steps

In 2019-20 the EIJB will be:

- Participating in the national evidence led, stakeholder driven review of mental health and incapacity legislation.
- Redesigning our out of hours and crisis services to prevent admissions and facilitate earlier hospital discharge.
- Working with our well established Public Social Partnerships to strengthen our communities' resilience.
- Improving our responses to people in distress across our A & E services, our judicial system, colleges universities and work place settings.
- Using the three conversation approach to strengthen anticipatory care planning, and resilience building, using self directed support as an enabler.
- Strengthening our national and international collaborations to ensure we are using and developing best practice with our academic partners.
- Opening our Thrive Centre and Networks across the city.

Commitment 41

Review the application process and increase the budget for housing adaptations with a view to supporting more disabled tenants and owners to remain in their own homes. Help older and disabled homeowners to move to more suitable housing should they wish to do so.



Background

A Health, Social Care and Housing Forum was established, as part of the Edinburgh Integration Joint Board (IJB) governance, to support joint working between Health & Social Care and Housing.

As set out in the [Strategic Housing Investment Plan](#) (SHIP) in November 2018, the majority of new build properties funded through the Affordable Housing Supply Programme are designed to meet the housing for varying needs standard, which requires they are accessible or easily adapted to be accessible.

Around 9% of the homes approved in the first two years of the SHIP are specifically designed for older people and those with complex needs. These include amenity homes, supported housing, fully wheelchair accessible homes and homes for veterans.

Key Achievements

In 2018/19, £2.4 million was spent on adaptations to council homes, private homes and registered social landlord homes.

In March 2019, the EIJB approved its draft Strategic Plan 2019-22. It is a statutory requirement for IJB strategic plans to have a Housing Contribution Statement.

A three-month consultation period on the proposed Housing Contribution Statement commenced in April 2019 and closes in July 2019.

A report on [later living housing](#) was considered at the Housing and Economy Committee in June 2019, setting out the barriers and opportunities for people who need, or wish, to move to housing that meets their needs in later life.

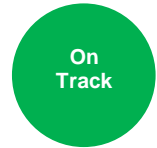
As part of the new build programme, 96 homes for older people are being developed in Pennywell Town Centre. Nine wheelchair flats,

14 amenity flats and 73 mainstream (for older people) flats are being built as part of the wider regeneration of the area. These homes will have lift access and shared communal space providing safe accessible accommodation aimed at reducing social isolation.

Next Steps

Research will be commissioned in 2019 to inform future delivery of adaptations for older and disabled tenants and homeowners.

The application process, customer journey and resources needed for housing adaptations will be reviewed by the Health, Social Care and Housing Forum. This will be informed by commissioned research and reported to the Edinburgh Integration Joint Board (EIJB). Advice and information to owners will be considered as part of this work.



Commitment 42

Build a new sports centre at Meadowbank by 2021.

Background

This is a major place-making project and is expected to bring opportunities to the area.

The project will see a new state-of-the-art community sports facility built on the site of the original Meadowbank, which closed in December 2017.

It is hoped the accessible new venue will become one of the top centres for community sport in the country, helping to support accessible participation in sport and physical activity for all ages and abilities for generations to come.

Key Achievements

Following public consultation, planning applications for the site were considered and approved at the Development Management Sub-Committee on 29 June 2018. [An update](#) on the position of the funding package for the new stadium was presented to the Finance and Resources Committee on 11 October 2018. Approval was also given to award the contract for the construction of the new stadium and with planning permission secured. Graham Construction Ltd was appointed as the main contractor for the new sports centre.

Ground work commenced in November 2018 with the last section of the Main Stand (nearest London Road) taken down on Sunday 10 February 2019.

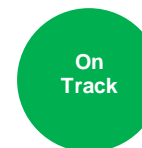
Tree removal took place in February and we are committed to replanting more trees within the wider site, to outnumber those removed.

Foundation works for the new Sports Centre commenced in March.

Next steps

Graham Construction Ltd will provide regular progress updates to the local community on their schedule of works and will launch a 'Benefit in Kind' fund of £40,000 to support local projects.

Ongoing extensive consultation is planned over the following months with members of the local community as we look to deliver a mixed-use site as part of its commitment to deliver much-needed affordable housing for the city.



Commitment 43

Continue to upgrade our existing parks and plant an additional 1,000 trees in communities. Protect major recreational areas such as the Meadows, Leith Links and Princes Street Gardens.

Background

The park maintenance programme sets out the improvement work required to maintain our parks. Protection of the parks is established through the [Open Space Strategy 2021](#). The parks are assessed through the annual park quality assessments.

The [Edinburgh Parks Events Manifesto](#) provides a strategic and proactive approach to the planning and managing of events within our parks and greenspaces.

Key Achievements

Of the 138 parks quality assessed in 2018, 1,569 issues/recommendations were identified. From these, judges highlighted three “agreed recommendations” from each park that should be

implemented over the subsequent 12 months. Park Managers have indicated that 992 actions have been completed, partially completed, or are ongoing.

When comparing the 2017 PQA criterion scores against the 2018 scores, 145 scores have improved, 208 have remained the same and 61 have dropped.

In 2018, following an external Green Flag Group Award peer review, we retained 30 Green Flag Award parks. In addition, two parks (Fairmilehead Park and Lauriston Castle Gardens) achieved Green Flag Award status at the first time of asking, bringing the total number of Green Flag Award parks in Edinburgh to 32 (there are a total of 71 awards across Scotland). Corstorphine

Walled Garden also successfully retained its Green Flag Community Award.

A new, more challenging quality standard was set in 2018. 116 of the 138 parks quality assessed met the new Edinburgh Minimum Standard. This is an increase of 11 parks from 2017.

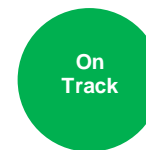
13,848 trees have been planted by us since 2017, including 2,048 during 2018/19.

Next Steps

Parks Quality Assessments and Green Flag Award assessments will take place over Summer 2019.

Further tree planting is planned for Autumn/Winter 2019/20, with a focus on replanting street tree gaps.

Key measures	2017/18	2018/19	Target
Green flag status	30	32	32
New Parks Quality Assessment standard	76%	84%	92%
Number of additional trees planted	11,800	2,048	Additional 1,000 by 2022
Number of events held in major parks	29 large events it total, 28 in Premier Parks	35 large events in total, 31 in Premier Parks	Hold number of events to maximum permitted (36 across 9 Parks)



Commitment 44

Increase allotment provision and support and expand the network and the number of community gardens and food growing initiatives.

Background

Our third strategy 'Cultivating Communities - A Growing Success' establishes a 10-year strategic framework for allotment development in Edinburgh that supports the requirements placed upon us by part 9 of the Community Empowerment (Scotland) Act 2015. Four key objectives are defined within the strategy:

- ensure adequate provision of allotments
- develop a robust management system for allotment
- improve the allotment customer experience
- adoption of revised allotment regulations.

Key Achievements

[A report updating on allotment and food growing provision](#) was reported to the Culture and

Communities Committee on 26 March 2019. The report detailed the measures undertaken to date to increase allotment provision and expand the number of community gardens. It also noted the intention to consult on amending the allotment discount criteria and the fee for a half plot.

Suitable large plots continue to be split to increase provision.

A waiting list validation exercise was completed in April 2019 and has led to a 50% reduction in those waiting for an allotment.

Next Steps

By 2020 a new site at Newcraighall and an extension to Leith Links allotments (both funded through developer contributions) will be operational and is expected to provide 26 additional plots. Discussions are ongoing to adopt

a site at Piershill Square with 12 plots. There is also potential for 80 plots to be introduced at Lethem Park; a private allotment site.

37 additional sites identified during a public consultation exercise have now been considered by the Property Asset Transfer Group. Many of the sites are within Common Good land and so require a change of use through the courts. Others are located on Housing land and so must be purchased by us at market value. Four remaining sites at Baronscourt, Burdiehouse Valley, Little France and Lower Granton Road will be considered for community asset transfer.

Key measures	2017/18	2018/19	Target
Number of allotment plots	1,815 plots across 44 sites	1,833 plots across 44 sites	Increasing long term trend
Reductions in waiting lists	2,814 people on the waiting list	1,389 people on the waiting list (April 19)	Decreasing long term trend

Commitment 45

Establish a Child Poverty Action Unit to address the inequalities faced by children in poverty in our city. Its remit will look at food security and nutrition, tackle food poverty and holiday hunger and enhance nutrition in schools. Ensure that a Poverty Assessment section features in all Council reports.

Background

Edinburgh is well recognised as an affluent and a growing city, but is also a city with wide levels of inequality and home to some of the most deprived communities in Scotland. An estimated 22% of Edinburgh children grow up in poverty, with rates as high as 35% in some areas of the city.

Under the [Child Poverty \(Scotland\) Act](#), Local Government and Health Boards have a duty to publish an annual report describing existing and new planned actions, or measures taken, to reduce and mitigate the effects of Child Poverty.

Key Achievements

[Agreement for the creation of a Child Poverty Action Unit](#) was given at the Culture and Communities Committee on 11 September 2018.

The unit will take the form of a cross Partnership working group, led by Communities and Families. The purpose of this unit will be to:

- build on existing partnership and reporting arrangements and co-ordinate Council action to address Child Poverty in Edinburgh,
- identify a Council lead for the development and publication of annual Local Child Poverty Action Reports (beginning in June 2019),
- identify a point of liaison with the new Edinburgh Poverty Commission on issues and actions relating to Child Poverty.

Within the City of Edinburgh, action is already in place to address Child Poverty and a number of projects and initiatives are already underway across the city with the aim of increasing awareness, reducing poverty related stigma, tackling the attainment gap and reducing school

and holiday costs. These include the '1 in 5 Project', 'Discover!' and targeted income maximisation projects.

Future reporting on the progress of the Child Poverty Action Unit will be reported to the Education, Children and Families Committee.

An Equity group exists within the Edinburgh Children's Partnership and good partnership relationships already exist to support the meeting of the new reporting requirements.

Next steps

There is a need for greater co-ordination of services dealing with, or with a role to play in mitigating the impact of, child poverty and for creating a pan-Council understanding, awareness and approach to the issue.

The first Child Poverty Action report is due for publication in summer 2019.

Commitment 46

Continue to support the city's major festivals which generate jobs and boost local businesses and increase the funding for local festivals and events. Support the creation of further work spaces for artists and craftspeople.

Background

The recommended core programme of [Festival and Events for 2019/20](#) was reported to the Culture and Communities Committee in January 2019. The report describes the approach to support events on three tiers, or levels, of international, national and city importance. It also details the £100,000 allocation to a Local Festival and Event Programme Budget.

Key Achievements

The first details of the major new investment programme for the Edinburgh Festivals were announced in November 2018. The unique three-way partnership between the Scottish Government, the City of Edinburgh Council and

the Edinburgh Festivals, the PLACE [Platforms for Creative Excellence] programme will provide £15 million over the next five years for a range of creative and community projects which will renew the Festivals' ambition and purpose.

Six festivals and events have been identified and funded £60,000. Details of organisations who received grant funding from this source can be found in appendix 2 of [the Citywide Culture Plan Update 2018/19](#) reported to the Culture and Communities Committee on 18 June 2019.

A Culture Service [website](#) to easily access affordable rehearsal spaces was launched in July 2018. Culture Edinburgh, the new website for the

Culture Service was launched in January 2019 and can be accessed [here](#).

The Planning Application was approved for the Dunard Centre (IMPACT Scotland) venue in St Andrew Square on 24 April 2019. Works have also been completed at Castle Mills which will support printmaking excellence and creative practise in the city, and at Collective on Calton Hill, a new centre for contemporary art, including exhibition space and the restoration of the City Observatory. Both opened in April 2019.

Next Steps

Work is underway to support the King's Theatre and Leith Theatre to realise capital improvements to the buildings.



Commitment 47

Become a leading Council in Scotland for community engagement - 1% of the Council's discretionary budget will be allocated through participatory budgeting.

Background

Building on our earlier local commitment, a Scotland-wide agreement between the Scottish Government and COSLA will see local authorities working towards allocating 1% of their externally-provided funding (£7.2m in our case) by means of participatory budgeting by April 2021. Discussion is on-going as to the precise form this activity will take.

Key Achievements

We have delivered a wide range of Participatory Budgeting-related initiatives in recent years. This

activity, while focusing primarily on grant-based programmes, has also involved some mainstream provision (specifically the Neighbourhood Environment Programme) and it is anticipated that this aspect will be expanded as we move towards the 1% target.

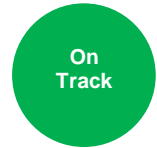
A number of necessary building blocks for wider adoption of PB across our services and our partners have been put in place, including development and delivery of a Champions Programme and elected member briefings, as well as exploring digital technology options. To support the roll-out, further work is required to

define a mainstreaming framework aligned to a broader empowerment agenda.

Next Steps

An officer working group has been established and is currently evaluating practice elsewhere and existing and anticipated grant, contract and direct service spend to identify a potential pipeline of opportunities for further consideration. A progress update will be reported to the Finance and Resources Committee's meeting on 10 October 2019.

Key measures	2017/18	2018/19	Target
% of annual discretionary budget allocated through participatory budgeting	0.03%	0.04%	1%



Commitment 48

Continue to make a case to the Scottish Government for the introduction of a Transient Visitor Levy and explore the possibility of introducing more flexibility in the application of business rates. Explore the possibility of introducing a workplace parking levy.

Transient Visitor Levy

Background

Edinburgh has a strong tourist economy that has been growing year on year. The city needs to raise long term secure income, if it is to sustainably invest in tourism and into the future, to manage the impact of a successful tourist economy.

Key Achievements

We led the national debate on the introduction of a Transient Visitor Levy (TVL) and consulted on the shape of a local scheme in Edinburgh with key stakeholders and residents. This included:

- [A detailed research paper](#) considered by the Council in May 2018.
- A series of round table events and presentations to groups across the city over July 2018 to January 2019.
- A survey of over 1,000 visitors and residents on the TVL in August 2018.
- Evidence provided to the Scottish Parliament in September 2018.
- A full public consultation completed in December 2018.

As part of the 2019/20 budget and influenced by the work that had been progressed by us, the Scottish Government agreed to legislate powers that would enable local authorities to introduce a TVL or tourist tax.

Next Steps

We will implement the TVL in Edinburgh once the detail of the legislation is known and the powers are in place. We are continuing to work on the detail of implementation and importantly on how the TVL will be used to benefit the city, its tourism economy and the residents.

Workplace Parking Levy

Background

A Workplace Parking Levy (WPL) will raise additional income and is one of many tools which can make a positive impact on congestion, air quality and public health.

Key Achievements

In August 2018 the Transport and Environment Committee considered [a paper on the WPL](#) and agreed to submit evidence to the Scottish Parliament.

Evidence to the Parliament was submitted as part of the debate on the Transport (Scotland) Bill in September 2018 and in May 2019.

We have continued to support COSLA in seeking a permissive legal power within the Bill for Scottish Councils to implement a WPL, if that meets local needs.

A joint amendment to the Transport (Scotland) Bill granting enabling powers to Councils over a WPL

scheme was agreed by the SNP and Scottish Green Parties. The amendment was submitted in May 2019.

Next Steps

Council officers will develop a plan with the view to complete a detailed business case for WPL in the city for consideration by Councillors. We will do this work in partnership with business and other key stakeholders.

Commitment 49

Limit Council Tax increases to 3% a year to 2021.



Background

The approved budget for 2018/19 included a 3% increase in Council Tax to maximise the level of investment available to support delivery of our priority outcomes. A 3% increase of Council Tax [is assumed each year](#) from 2019/20 to 2022/23.

Key Achievements

The [approved Council budget for 2018/19](#) included a 3% increase in Council Tax across all bands.

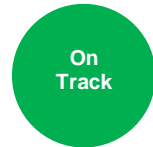
Next Steps

The on-going appropriateness of this assumption will be considered as part of the cycle of regular review of the main income and expenditure assumptions contained within our medium-term financial plan.

Key measures	2017/18	2018/19	Target
% Council Tax increase approved by Council	3%	3%	up to 3% a year to 2021

Commitment 50

Continue a policy of no compulsory redundancies and keep a presumption in favour of in-house service provision.



Background

We have agreed to retain a policy of no compulsory redundancies during this administration and to deliver our services using in-house resources.

Key Achievements

Our commitment of no compulsory redundancy remains in place and is fully adhered to by all service areas.

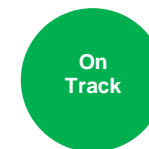
To support the achievement of necessary savings and the redesign of services, we continue to offer appropriate voluntary severance arrangements and redeployment support to its employees. The policy in respect of a presumption of in-house service provision continues to be carefully monitored through the politically led budget setting process.

Next Steps

To continue to apply this commitment and ensure that this is embedded in any organisational reviews and business cases that are developed in respect of future service delivery models that we need to consider.

Commitment 51

Improve community safety by protecting local policing and empowering communities to tackle long term safety issues and hate crime in all its forms including supporting restorative justice initiatives and other projects.



Background

Transformation programme saw the creation of the Family and Household Support service in 2017 whose function was to develop and deliver early and effective interventions based on the principles of the Christie Commission. This complements the continued provision of high quality, innovative criminal justice services, working towards reducing reoffending rates in the city.

Key Achievements

Services have worked closely to bring together the key strands of both community justice and community safety.

Agreement to align the Community Justice Outcome Improvement Plan and the Community Safety Strategy (2020-2023), both of which will be governed through the work of the Community Safety Partnership, allows collaboration between

key partner agencies to deliver on identified strategic aims and objectives.

Within Community Justice we continue to develop restorative justice practice and preventative community based problem-solving approaches, particularly with regards to hate crime. A restorative justice approach to hate crime began on 1 May 2019. The community problem solving approach has evolved and will include the development of Family Group Decision Making with offenders and their families.

We have also given a commitment to implement the Stronger North model across all localities by the end of 2020.

Edinburgh's Community Safety Partnership continues to oversee the upgrade of public space CCTV to ensure it remains efficient and effective in deterring and preventing crime, reducing antisocial behaviour, and reducing the fear of crime.

The mediation pilot undertaken within Family and Household Support between January and March 2019 targeting the use of mediation as an early attempt to resolve escalating disputes has seen steady growth and has been extended for a further three months. We have increased the pool of trained mediators to be able to respond to the increasing numbers of referrals received.

[The recently revised Partnership Agreement with Police Scotland](#) was presented to Culture and Communities Committee for approval in June 2019.

Next Steps

Following recent discussions, we will be developing a strategic systematic approach to the development of trauma informed services focused around practice and leadership.

Key measures	2015/16	2016/17	2017/18	2018/19	Target
Percentage of criminal justice orders successfully completed	62.8%	65.8%	65.3%	63.6%	65%
Percentage of people who feel safe in their neighbourhood after dark (EPS)	86%	84%	84%	Survey results published in 2020	Increasing trend
Number of antisocial behaviour complaints per 10k population	35.49	41.37	33.00	32.01	Decreasing trend
Reoffending rates	25.6%	Data not yet published			Scotland's average for 15/16 is 27%, aim to be below the national level

Commitment 52

Devolve local decisions to four Locality Committees. Establish the membership of each Committee and how devolved decision making will work to encourage the maximum participation for local groups. Explore the effectiveness of community councils and how they can be enhanced to represent their local communities.



On
Track

Background

Locality Committees have been established and held their first meetings in February 2018. Each committee has looked at the different circumstances in each locality to decide how they can best engage with local groups.

Following a review of their first year, [the Council on 7 February 2019](#) decided to dissolve the committees.

Key Achievements

Council identified that although locality committees were not being taken forward, there was a commitment to devolving decision making

to local communities. As an alternative to locality committees, Council agreed to explore increased partnership working at a more localised level through using Neighbourhood Networks which will have greater representation from community groups including community councils.

[On 14 May 2019 Corporate Policy and Strategy Committee](#) considered a report on the potential role of the new neighbourhood networks in influencing Council decision making. The report also set out a specific proposal for the devolving of the Community Grants Fund.

The scheme for Community Councils has been reviewed in 2019 and amendments made to improve arrangements.

Next Steps

Further work will be undertaken following the Community Councils review and upcoming elections to explore how to improve support.

In 2019, we will also explore which other decisions can be devolved to a local level.

The City of Edinburgh Council

10.05am, Thursday, 27 June 2019

Integration Scheme – Carers (Scotland) Act 2016 – Update

Executive/routine
Wards
Council Commitments

1. Recommendations

- 1.1 To agree to consult on the delegation of Sections 6, 21, 24, 25, 31, 34 and 35 of the Carers (Scotland) Act 2016 as they relate to adult social care.
- 1.2 To note that following the six-week consultation period that a report will be submitted to Council to agree the change to the Integration Scheme.

Andrew Kerr

Chief Executive

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Integration Scheme – Carers (Scotland) Act 2016 – Update

2. Executive Summary

- 2.1 The Integration Scheme for the Edinburgh Integration Joint Board (“IJB”) requires to be updated to reflect changes brought about by the Carers (Scotland) Act 2016 (the “Carers Act”), which introduced new statutory obligations on local authorities and health boards, requiring certain local authority and health board functions to be delegated to Integration Joint Boards.
- 2.2 This report outlines progress to date by the City of Edinburgh Council and NHS Lothian and the governance process for agreeing the changes.

3. Background

- 3.1 The Public Bodies (Joint Working) (Scotland) Act 2014 required local authorities and health boards to prepare an Integration Scheme for the area of the local authority. The Integration Scheme is a legally binding agreement between the Council and NHS Lothian that sets out detailed measures on the governance of integration functions.
- 3.2 The Integration Scheme for the Edinburgh IJB was approved by Council on 12 March 2015 and came into effect from 27 June 2015 by Order of the Scottish Parliament.

4. Main report

- 4.1 The Carers Act, which came into effect on 1 April 2018, places a number of new duties on local authorities and health boards. In order to implement the Carers Act the Scottish Government amended the regulations made under the Public Bodies (Joint Working) (Scotland) Act 2014 to require that certain of the functions are delegated to integrated joint boards.
- 4.2 The amendments were made through:
 - 4.2.1 the Public Bodies (Joint Working) (Prescribed Local Authority Functions etc.) (Scotland) Amendment Regulations 2017 and the Public Bodies

(Joint Working) (Prescribed Local Authority Functions etc.) (Scotland) Amendment (No. 2) Regulations 2017), which identify functions that *must* be delegated; and

4.2.2 the Public Bodies (Joint Working) (Prescribed Health Board Functions) (Scotland) Amendment Regulations 2017, which identifies functions that *may* be delegated.

4.3 In order to accommodate these changes, the Integration Scheme for the Edinburgh IJB requires to be updated to include the new duties for delegation brought about by the Carers (Scotland) Act 2016.

4.4 In terms of the new duties under the Carers (Scotland) Act 2016 the following local Authority functions must be delegated to the IJB:

4.4.1 Section 6 – Duty to prepare adult carer support plan (and associated responsibilities to review and provide information)

4.4.2 Section 21 – Duty to set local eligibility criteria (and associated responsibilities to publish and review)

4.4.3 Section 24 – Duty to provide support

4.4.4 Section 25 – Provision of support to carers: breaks from caring

4.4.5 Section 31 – Duty to prepare local carer strategy (and associated responsibilities to publish and review)

4.4.6 Section 34 – Information and advice service for carers

4.4.7 Section 35 – Short breaks services statements

4.5 The statutory guidance states that “the requirement to delegate the above functions only extends to adult social care. Delegation of these functions with respect to children’s social care remains a matter for local decision.” Local authority functions under section 12 – duty to prepare young carer statement (and associated responsibilities to publish and review) may be delegated but there is no requirement to do so.

4.6 In terms of the new duties under the Carers Act the following health board functions may be delegated to the IJB:

4.6.1 Section 12 – Duty to prepare young carer statement (and associated responsibilities to publish and review).

4.6.2 Section 31 – Duty to prepare local carer strategy (and associated responsibilities to publish and review).

4.7 The NHS Lothian Board agreed, at its meeting of 3 April 2019, to delegate only Section 31 to the four Integration Joint Boards in Lothian.

4.8 It is recommended that the Council only delegates those functions associated with adult social care and that those functions that relate to children’s social care remain a matter for the local authority.

5. Next Steps

- 5.1 If approved, the Council will carry out a 6-week consultation with stakeholders, as required by the Public Bodies (Joint Working) (Scotland) Act 2014, and report back in August 2019 for formal approval. The updated Integration Scheme must then be submitted to Scottish Ministers for their approval.

6. Financial impact

- 6.1 There are no financial impacts as a result of this report.

7. Stakeholder/Community Impact

- 7.1 Failure to revise the Integration Scheme would result in the Edinburgh Integration Joint Board, the City of Edinburgh Council and NHS Lothian failing to meet its statutory duties.

8. Background reading/external references

- 8.1 Integration Scheme

9. Appendices

The City of Edinburgh Council

10.05am, Thursday, 27 June 2019

Unaudited Annual Accounts 2018/19

Executive/routine	Routine
Wards	N/a
Council Commitments	N/a

1. Recommendations

1.1 Members of Council are asked to:

- 1.1.1 note that the unaudited annual accounts for 2018/19 will be submitted to the external auditor by the required date;
- 1.1.2 note that the provisional outturn position shows an overall underspend of £1.582m and that this sum will be set aside within the Council Priorities Fund;
- 1.1.3 note that a more detailed revenue and capital outturn position will be reported to the Finance and Resources Committee in August 2019;
- 1.1.4 further note that the audited annual accounts and the annual auditor's report will be submitted to the Governance, Risk and Best Value Committee and thereafter to the Finance and Resources Committee in September 2019, for approval; and
- 1.1.5 approve, subject to the outcome of the audit process, an increase of £7.483m in the level of the Council's offer to the Edinburgh Integration Joint Board in respect of 2018/19, in line with the actual service outturn for the year.

Stephen S. Moir

Executive Director of Resources

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E-mail: hugh.dunn@edinburgh.gov.uk | Tel: 0131 469 3150

Unaudited Annual Accounts 2018/19

2. Executive Summary

- 2.1 The report presents to members the Council's 2018/19 Unaudited Annual Accounts prior to their submission to the external auditor. These statements detail the financial position and performance of the Council, together with that of the wider Council Group, for the year ending 31 March 2019. The report includes a summary of the draft outturn position and notes that more detailed reports will be brought to the Finance and Resources Committee in August 2019.

3. Background

- 3.1 The report presents the unaudited annual accounts for the 2018/19 financial year for Council's consideration.
- 3.2 The Council's unaudited annual accounts, included in Appendix 1, have been completed in accordance with proper accounting practices and are being presented to Council prior to submission to the external auditor by 30 June, as required by the Local Authority Accounts (Scotland) Regulations 2014.
- 3.3 Members should note that the unaudited annual accounts must be published on the Council's website no later than 30 June 2109 and made available for public inspection for a period of 15 working days. This inspection period will run from Monday 1 July to Friday 19 July 2019 inclusive.

4. Main report

- 4.1 The financial position of the Council and its wider Group is presented in the following statements:
- Movement in Reserves Statement (pages 17 and 18);
 - Comprehensive Income and Expenditure Statement for the Group (pages 19) and the Council (page 20); and
 - Balance Sheet (page 21)

- 4.2 The consolidated Group accounts include the results for the following subsidiaries, associates and joint ventures:

Subsidiaries – CEC Holdings Ltd (including EDI Group Ltd and Edinburgh International Conference Centre Ltd) and Transport for Edinburgh Ltd.

Associates and Joint Ventures – Edinburgh Leisure, Capital Theatres, Common Good, Lothian Valuation Joint Board and Edinburgh Integration Joint Board.

- 4.3 A number of smaller entities, listed on page 39 of the Unaudited Annual Accounts, have not been consolidated on the grounds of low materiality.
- 4.4 The annual remuneration report is included in the Unaudited Annual Accounts on pages 121 to 131. This covers the Council's Leader, Civic Head, Senior Councillors, Conveners of Joint Boards and senior employees within both the Council and its wider group.

Outturn Summary

Revenue

- 4.5 The Council's draft outturn position shows a net underspend against budget of £1.582m. This net position includes service overspends totalling £12.331m, primarily in Health and Social Care £7.483m, Place £2.736m and Communities and Families £2.445m. These overspends were offset mainly from savings in loans charge expenditure and other corporate budgets.
- 4.6 The net underspend of £1.582m has been set aside within the Council Priorities Fund. £1.427m of this is available to fund future delivery of services and £0.155m is earmarked separately in accordance with The Local Authority (Scotland) Accounts Advisory Committee (LASAAC) guidance, as it relates to gains arising from the increases in the fair value of a financial asset under newly adopted International Reporting Standard 9 in 2018/19.
- 4.7 Members will be aware of the demand-led pressures affecting the Health and Social Care service in 2018/19. These pressures, combined with shortfalls in realisation of savings, have resulted in an overspend of £7.483m. As noted at 1.1.5 approval is sought to increase the Council's offer to the Edinburgh Integration Joint Board in respect of 2018/19, allowing a balanced overall position to be forecast in respect of Council-delegated services.

Reserves

- 4.8 As at 31 March 2019, the General Fund reserves had reduced to £144.845m, a fall of £6.440m relative to the preceding year. The adequacy and appropriateness of the overall level of reserves held is reviewed annually by Council as part of the revenue budget process.
- 4.9 The reduction in reserves mainly reflects a drawdown from the Council Tax Discount Fund of £12.346m to support planned development of affordable housing, in line with the Housing Revenue Account (HRA) business plan. This was offset in part by an in-year addition to the fund of £3.430m from Council Tax second home

income earmarked by statute. There were other increases mainly reflecting differences between the timing of receipt of external funding and the related expenditure.

- 4.10 The unallocated General Fund remains at £13.025m at 31 March 2019. The remaining balance of £131.820m is earmarked for specific purposes, these being:
- Balances set aside to manage financial risks and for specific investment which are likely to arise in the medium-term future, including maintenance of an insurance fund, dilapidations and workforce management. The Council holds £92.421m against these future risks.
 - Balances set aside from income received in advance, primarily Council Tax Discount Fund and the City Strategic Investment Fund. The Council holds £30.364m of such income.
 - Balances set aside to support investment in specific projects, such as Spend to Save, which will deliver savings in future years. The Council holds £2.962m for such projects.
 - Balances held under the Devolved School Management Scheme and unallocated Pupil Equity Funding. The Council holds £6.073m of these funds.
- 4.11 Details of these earmarked balances are shown in Appendix 3.

5. Next Steps

- 5.1 The Unaudited Annual Accounts will be submitted to the external auditor by 30 June 2019, as required by the Local Authority Accounts (Scotland) regulations 2014.

6. Financial impact

- 6.1 The report identifies the provisional surplus in the year to 31 March 2019 and the requirements to set funds aside for future risks.

7. Stakeholder/Community Impact

- 7.1 There are no impacts arising directly from this report.

8. Background reading/external references

- 8.1 None.

9. Appendices

One – Unaudited Annual Accounts 2018/19

Two – Reconciliation of the Comprehensive Income and Expenditure Statement

Three – Reserve balances



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2018/2019

UNAUDITED ANNUAL ACCOUNTS



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The City of Edinburgh Council

Annual Accounts

Year to 31 March 2019

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MANAGEMENT COMMENTARY

Introduction

The Unaudited Annual Accounts present the financial position and performance of the Council, together with the financial position of the wider Council Group, for the year to 31 March 2019.

The Annual Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 using the Council's management structure as a reporting basis, which is the same basis as in the previous year.

The City of Edinburgh Council was constituted under the Local Government, etc. (Scotland) Act 1994 and became the unitary local authority to Scotland's capital city in April 1996. The Council brought together most of the services delivered by the previous regional and district councils, with its primary current frontline functions being the provision of education to school-age children within the city, social care services, economic development, a range of community-based services such as roads maintenance, street lighting and refuse collection and quality of life functions such as libraries, culture, recreation and parks. Services are delivered to 522,472 citizens across the 102 square mile Council area.

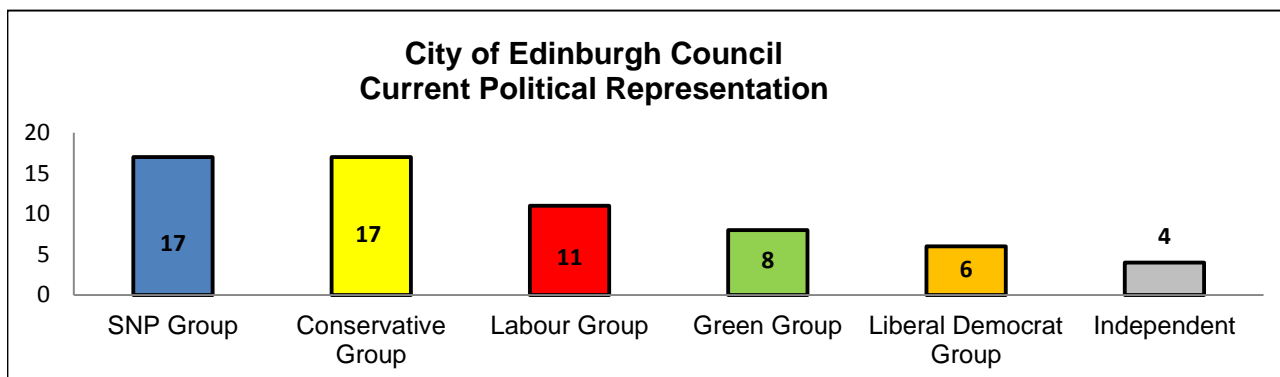
The structure of the Council continues to evolve but the tables below indicate the latest position, with the services with an Executive Director or Chief Officer in bold. In the prior year covered in these accounts, Safer and Stronger Communities was a separate service (constituent parts of which are marked with an asterisk) but since the beginning of the 2018/19 financial year it has been part of Communities and Families.

Communities and Families	Place	Health and Social Care
Schools and Lifelong Learning	Environment (inc. waste and parks)	Edinburgh Integration Joint Board
Children's social work	Transport (inc. parking)	Older people's services
Community education	Roads, bridges and flood prevention	Learning and Physical disabilities
Libraries and Sports	Housing and Regulatory Services	Mental Health
Early Years	Planning and building standards	Substance Misuse
Community Justice*	Resources	Services reporting to
Homelessness services*	Customer Services and Digital Services	the Chief Executive
Family and Household Support*	Finance	Strategy and Communications
	Legal and Risk	
	Human Resources	
	Property and Facilities Management	

Further comprehensive detail of the services provided by the Council is included on its [website](#) and within the annual [Key Facts and Figures](#) publication.

There was a Local Government Election on 4 May 2017 which resulted in a change in political representation for the Council, with a new minority SNP and Labour administration formed.

The Council currently has 63 **Councillors** representing 17 wards within the city, split as follows:



The Full Council meets once a month and also delegates decisions to **committees** which meet regularly throughout the year.

Details of the senior councillors' remuneration and committee roles, for those in office during the financial year, are disclosed in the Remuneration Report from page 121 of these financial statements.

MANAGEMENT COMMENTARY

Edinburgh and the Council's Role

Edinburgh is one of the best cities in the world in which to live, work and study. It is a city full of vibrancy and opportunity and, as a council, we are working hard to ensure that all residents can share in its success. We will keep investing in the things that support and sustain growth while confronting the challenges that come with it.

Edinburgh has seen significant recent population growth, with a 12.2% increase between 2006 to 2016, compared to a national rise of 5.3%. Analysis of population trends suggests the total number of residents is projected to increase by at least 80,000 people, with c. 25% increases for those aged 12 to 17 and those over 75, by 2027. This growth will place further demands on a range of frontline services and as such, the Council's budget framework continues to provide additional annual sums in respect of growing numbers of school pupils, at-risk children, older people and those with physical and/or learning disabilities.

A growing population is one of the most visible signs of the city's economic success. However, not all of our citizens share in that success and alongside our affluent areas, the city contains some of the most deprived communities in Scotland. Within the most deprived wards of our city as many as 30% of all residents live in households below the poverty threshold. Narrowing these gaps and allowing all residents to share in the city's success therefore forms a key strand of the City Vision.

City of Edinburgh Council's Corporate Strategy

The **Programme for the Capital: Council Business Plan for 2017/22** describes the Council's commitments to the city, the strategic aims and outcomes, the challenges, how success will be measured and the future direction of the organisation. The plan sets out overlapping strategic themes common to the work of all service areas. The strategic aims set out below are underpinned by the 52 commitments to the city.

- **Deliver an economy for all;**
- **Build for a future Edinburgh;**
- **Deliver a sustainable future;**
- **Deliver for our children and families; and**
- **Deliver a Council that works for all**

To deliver the vision and strategic aims, the Administration has set out 20 associated outcomes, as shown in the diagram below. These outcomes link to the **52 commitments** to the city which will be prioritised over the duration of the plan and into the future.



A new **Council Performance Framework 2017-22** has been revised to support the implementation of the Council Business Plan 2017-22.

The framework will be reviewed annually and will include refreshing the measures, actions and milestones to ensure that the data collected is useful in terms of being able to measure performance and delivery.

MANAGEMENT COMMENTARY

Risks and Uncertainty

The **Corporate Leadership Team's (CLT) prioritised risks** reported to the Governance, Risk and Best Value Committee on 7 May 2019 are outlined below. The report reflects the current highest priority risks of the Council along with the key controls in place to mitigate them.

A brief description of the top risks contained within the report is included below:

- 1 Health and Social Care** - Increased demand for services and associated demographic changes results in significant financial pressures which, when compounded by historic funding arrangements and traditional service models, creates a significant risk that the Council fails to implement and/or deliver appropriate health and social care arrangements, as required by the Edinburgh Integration Joint Board.
- 2 Asset Management** - Due to the age of properties across the Council's estate, there is a risk that they are not sufficiently safe for their continued use, potentially resulting in structural failures and/or negative health and safety consequences for staff, service users or members of the public.
- 3 Programme and Project Delivery** - Due to availability of appropriately-skilled project and programme management resource, there is a risk that the Council is unable to ensure the effective management and successful delivery, on time and budget, of major programmes and projects.
- 4 Information and Data** - A major loss of data from the Council's control - either accidental or deliberate - could result in fines, claims, loss of public trust and reputational damage. This risk takes into account the requirements arising from the new General Data Protection Regulation that took effect in May 2018.
- 5 Medium-term Financial Planning (to 2022) - given** reduced funding availability, increasing demand for social care services, challenges in achieving planned savings, public perception of (and reaction to) proposed changes, competing priorities, the requirement to ring-fence budgets and potential legislative changes following Brexit, the Council could find it more difficult to undertake medium-term financial planning.
- 6 Response to a major incident** - A sudden high impact event causes harm to people and damages infrastructure, systems or buildings. Buildings, staff and/or systems are non-operational for a time, resulting in a reduced ability to deliver services.
- 7 Housebuilding Programme** - Due to capacity within the house-building industry, the availability of suitable land, uncertainties around planning assumptions used in financial models (demographics, demand, economic factors etc.) there are risks to the delivery of the Council's housebuilding programme.
- 8 Electoral Events** - Due to the national political situation and the current status of Brexit, there is an increased likelihood in the short-term of a requirement to hold a General Election or referendum in addition to currently planned elections. Potential effects include pressure on service delivery due to short-notice redeployment of trained and/or experienced staff to election activities.
- 9 Health and Safety** - There is a risk of non-compliance with the Council's legislative requirements and associated suite of health and safety policies and/or failure to comply with procedures or applicable legislation which could lead to an incident resulting in harm to staff, service users or members of the public, liability claims, regulatory breaches, fines and associated reputational damage.
- 10 Public Safety** - Due to increasing footfall in key locations, primarily during the Festivals, Christmas and Hogmanay, combined with the volume of traffic on the city's roads, there is an increased possibility of a collision between a pedestrian and vehicle. This could result in serious injury (mental and/or physical) or death, liability claims against the Council, and associated negative publicity for the city.
- 11 Brexit** - Due to the national political environment and ongoing preparations for Brexit, there are uncertainties around potential impacts upon the Council. Impacts could include the requirement for additional elections in the short-term, increased supply chain risks and employment pressures in the medium-to-long term, with subsequent impacts on particular areas of service delivery.
- 12 Changes to Decisions** - Difficult choices about services may be made through the Council decision making process. There is a risk that public reaction to such decisions may change over time, requiring decisions to be revisited and potentially altered. This could result in decisions being made out with long-term strategies, with associated impacts upon budgets, and ability to meet legislative requirements.
- 13 Sustainability and Corporate Social Responsibility** - Due to potential changes in legislation, increased media attention and public focus upon global issues such as climate change, environmental and corporate social responsibility, the Council could be required to alter its planning arrangements and assumptions to incorporate additional requirements.

MANAGEMENT COMMENTARY

Other Risks, Challenges and Uncertainties

Per the March 2019 Accounts Commission Report, 'Local Government in Scotland: Challenges and Performance 2019', all Councils in Scotland face further challenges and uncertainties. These have been noted as;

- The **United Kingdom's decision to leave the European Union** will have an impact on councils' work. The Council has set up a working group to plan for a number of scenarios to mitigate this risk, including potential impacts on availability of staffing for Council services. The **latest update** was considered by the Corporate Policy and Strategy Committee on 7 August 2018.
- The **2012 and 2016 Scotland Acts** introduced new financial and social security powers. As a result, Scotland's budget is influenced by Scottish ministers' tax decisions and how well the Scottish economy performs compared to the rest of the UK. In its five-year strategy, the Scottish Government estimates that the Scottish budget could vary by up to six per cent by 2022/23.
- In 2018, the Scottish Government and COSLA launched the **Local Governance Review** of how powers and responsibilities are shared across national and local government and with communities. The aim of the review is to give local communities more say in how public services in their area are run, with legislation to be developed in 2019. The **latest update** was considered by the Corporate Policy and Strategy Committee on 4 December 2018.
- Councils and their partners are developing fresh approaches to financially empowering local communities and actively involving them in making decisions. For example, the Council has developed a case for the introduction of a **Transient Visitor Levy (TVL)**.

Performance Overview

While the Council is required by statute to report publicly on its performance across a range of areas set out by the Accounts Commission, a suite of additional measures continues to be reported quarterly to the Corporate Leadership Team and Executive Committees will consider an overview of performance relevant to their area, scrutinising indicators, improvement actions, issues and opportunities on an annual basis. The Corporate Policy and Strategy Committee will also consider performance on a six-monthly basis providing holistic strategic oversight and scrutiny. This thematic reporting is intended to complement financial data in giving a more rounded and informed picture of overall performance. In this vein, a new balanced scorecard approach is being implemented to bring together all aspects of performance in a single format.

Edinburgh-specific performance data for 2018/19 has also been provided through a range of other channels, including the **Edinburgh People Survey**, audits and inspections. Performance against a suite of local-level, outcome-focused "quality of life" indicators is in addition monitored on a regular basis, with corresponding areas for improvement identified.

Council Performance and Best Value

The **Local Government Benchmarking Framework 2017/18 - Edinburgh Overview** was reported to Corporate Policy and Strategy Committee on 14 May 2019. The Council's Annual Performance Report for 2018/19 will additionally be considered by Council on 27 June 2019. This report will set out both progress against the three themes underpinning the Change Strategy (further details of which are included on page 15) and the full suite of statutory performance indicators for 2018/19.

The effectiveness of the Council's arrangements to secure best value is subject to regular assessment, both as an integral part of the annual financial statements audit and in greater depth through a Scotland-wide medium-term cycle of review. **The key findings of the most recent assessment** were reported to the Governance, Risk and Best Value Committee on 24 October 2016.

The **Council's Annual Audit Report for 2017/18** noted that the Council will likely be subject to an external Best Value Audit towards the end of 2019/20.

The Best Value assessment considers whether the Council has achieved continuous improvement not in all services areas, but in the outcomes within the Council's strategic priority areas.

The annual audit report for 2017/18 highlighted good progress in the priority area to narrow the educational gap between children from deprived areas and the rest of the population. The Council's performance report did, however, identify that progress on shifting the balance of care for older people had remained static over 2017/18.

The report noted that the Council demonstrates good self-awareness around areas of performance requiring improvement and found that the performance reporting in 2017/18 was honest and robust.

MANAGEMENT COMMENTARY

Financial Performance

Comparative Performance

Under Section (1) (1) (a) of the Local Government Act 1992, the Accounts Commission has a statutory power to define the performance information that councils must publish locally in the following financial year with a view to facilitating comparison over time within, and across, authorities.

Provisional 2018/19 data will be included in the Council's Annual Performance Report for 2018/19 to be presented to Council on 27 June 2019.

In addition, **an overview** of the Council's 2017/18 performance against the sixty efficiency- and outcome-related indicators comprising the framework and other relevant indicators as they related to the Council's then five strategic themes has been produced, as well as more detailed briefings on the framework's seven elements. These briefings analyse not only existing performance but, more importantly, consider areas for improvement and planned or proposed actions to address these.

Comprehensive detail of both **Council-wide and service-specific performance** is also available on the Council's website.

Revenue - General Fund

The Council's financial performance is presented in the Comprehensive Income and Expenditure Statement, which can be seen on page 20. This statement has been prepared using International Financial Reporting Standards. To show the net position of the Council, it is necessary to adjust the Comprehensive Income and Expenditure Statement for statutory items that require to be taken into account in determining the position on the General Fund and Housing Revenue Account for the year. These are summarised in the Movement in Reserves Statement (page 17).

An Expenditure and Funding Analysis has been provided to reconcile adjustments between the Council's financial performance under the funding position and the surplus on the Provision of Services in the Comprehensive Income and Expenditure Statement. The Expenditure and Funding Analysis can be found in Note 2 and the Expenditure and Income Analysed by Nature in Note 3.

The outturn position for the General Fund, excluding accounting practice adjustments, compared to budget is summarised below.

	Budget	Actual	(Under)
	2018/19	2018/19	/ Over
	£000	£000	Spend
			£000
General Fund services	833,321	845,652	12,331
Non-service specific areas			
Loans charges / interest on revenue balances	113,280	107,521	(5,759)
Other non-service specific costs	29,523	23,246	(6,277)
Council Tax Reduction Scheme*	26,672	24,293	(2,379)
Net Cost of Benefits	(291)	(812)	(521)
Dividend and other interest received	(10,618)	(12,019)	(1,401)
Non-service specific areas total	158,566	142,229	(16,337)
Movements in Reserves			
Net contribution to / (from) earmarked funds	(3,789)	(697)	3,092
Contribution to / (from) Renewal and Repairs Fund	173	173	0
Contribution to / (from) Capital Fund	(980)	(980)	0
Movements in Reserves total	(4,596)	(1,504)	3,092
Sources of funding			
General Revenue Grant	(363,757)	(363,757)	0
Distribution from Non-Domestic Rate pool	(340,474)	(340,474)	0
Council Tax	(283,060)	(283,728)	(668)
Sources of funding total	(987,291)	(987,959)	(668)
Transfer (to) / from Council Priorities Fund	0	(1,582)	(1,582)

Fees and charges levied by the Council have been offset against the cost of providing services and are included within the actual cost of General Fund Services shown above.

*uncommitted funds linked to the in-year underspend in respect of the Council Tax Reduction Scheme of £2.379m were transferred to an earmarked reserve.

MANAGEMENT COMMENTARY

Financial Performance - continued

Budget performance - General Fund - continued

On 22 February 2018, the Council set a balanced budget for 2018/19 with delivery of approved savings and prompt identification and management of underlying or emerging risks and pressures key to maintaining financial stability in the year. The approved budget was predicated on the delivery of £36.5m of directorate-specific and corporate savings.

The Council's outturn position shows a net underspend against budget of £1.582m. This net position is attributable to two main factors:

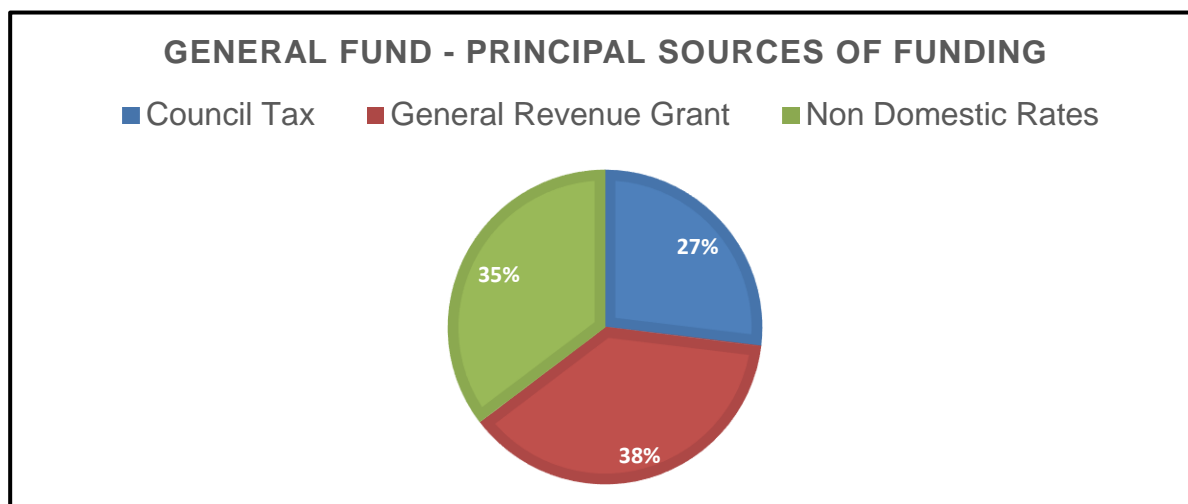
- Throughout the financial year it was reported to the Finance and Resources Committee that there were underlying pressures within, in particular, the Health and Social Care Partnership/EIJB and rising pupil rolls, home-to-school transport, temporary accommodation and community access to schools affecting the Communities and Families Directorate. In light of these pressures, a number of measures, including further tightening of workforce and financial controls, a review of discretionary expenditure and identification of other non-recurring income and expenditure savings, was initiated such that a balanced outturn for the year as a whole was delivered.
- The £12.331m general fund services overspend was offset by a £13.245m underspend in non-service specific areas, reserves and funding. Net savings in loans charges contributed £5.759m, additional interest and income received contributed £1.401m, additional income from Council Tax contributed £0.668m with the remainder primarily representing savings against inflationary provisions.

The net underspend of £1.582m has been set aside within the Council Priorities Fund.

Principal Sources of Funding - General Fund

The principal sources of funding used by the Council during the year were:

	£000
Council Tax, net of Council Tax Reduction Scheme (CTRS)	259,435
General Revenue Grant	363,757
Distribution from Non-Domestic Rates pool	<u>340,474</u>
Total	<u><u>963,666</u></u>



MANAGEMENT COMMENTARY

Financial Performance - continued

Reserves

General Fund

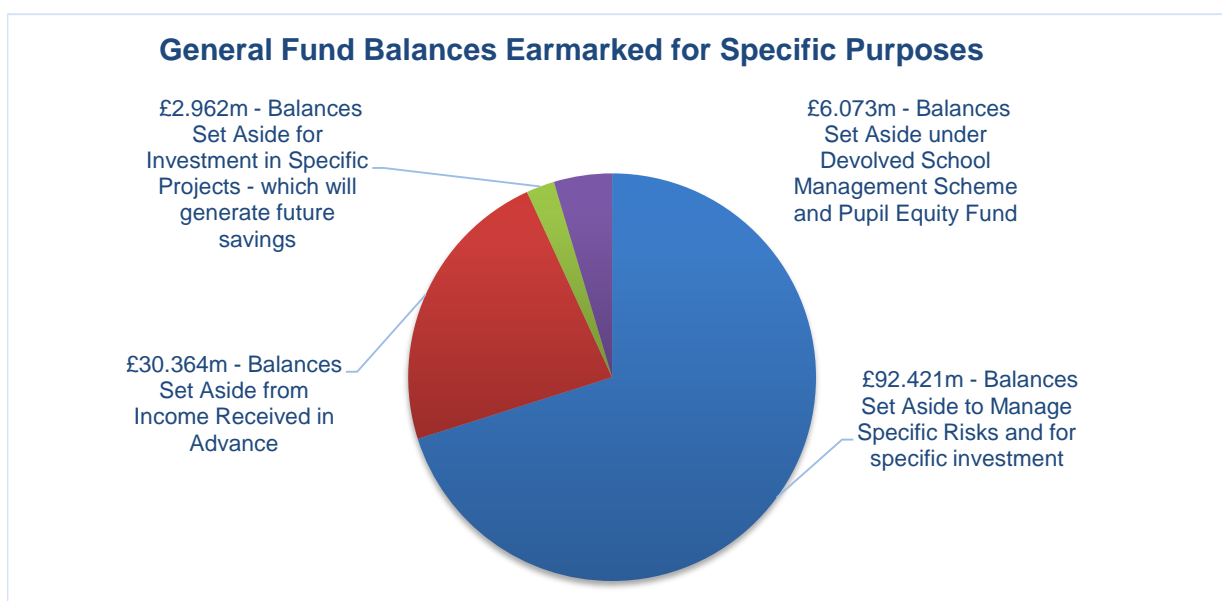
The Council's General Fund reserves comprise two elements:

- The unallocated General Fund; and
- Balances earmarked for specific purposes.

The unallocated General Fund is held against the risk of unanticipated expenditure and/or reduced income arising in any particular year. The level of this reserve is reviewed annually by the Council as part of the revenue budget process. This review considers the level of balances held, the financial risks which could be realised and the arrangements in place to manage these.

The **latest review** was in February 2019, as part of the 2019/20 budget setting process. The unallocated General Fund balance remains at £13.025m, which equates to 1.36% of the annual budgeted net expenditure. There were no planned or actual contributions to the unallocated General Fund for 2018/19.

In addition, the Council has a further £131.820m, (2017/18 £138.260m) of balances earmarked for specific purposes. Details can be seen in note 12 to the Financial Statements. The chart below highlights the split of these balances.



These balances are held for a number of reasons:

- Balances set aside for specific financial risks which are likely to arise in the medium term future. Examples include monies earmarked for staff release costs, dilapidations and other related contractual commitments and the insurance fund.
- Balances set aside from income received in advance are primarily from grant income, due to timing differences between the receipt of the grant income and the planned expenditure thereof.
- Balances set aside to enable the Council to undertake investment in specific projects which will deliver savings in future years, such as Spend to Save. These savings are used, initially, to reimburse the earmarked balances.
- Balances held under the School Board Delegation Scheme (DSM) and Pupil Equity Fund (PEF), which permits balances on individual school budgets to be carried forward to the following financial year and academic years.

The decrease in reserves from the previous year mainly reflects a drawdown of the Council Tax Discount Fund to support planned development of affordable housing.

In summary, the level of reserves at 31 March 2019, together with the forward strategy, is considered appropriate in view of the financial liabilities and risks likely to face the Council in the short to medium term.

Other Reserves

The Council holds other usable reserves; these are the Capital Grants Unapplied Account with a balance of £15.784m, the Capital Fund with a balance of £55.908m and the Renewal and Repairs Fund with a balance of £26.346m, including £2.126m of monies for schools prepaid under PPP arrangements.

MANAGEMENT COMMENTARY

Financial Performance - continued

Financial Ratios

Financial ratios relating to Council Tax, debt and borrowing are shown below.

Council Tax		2018/19	2017/18	Notes on Ratios
In-year collection rate	97.03%	96.78%		This shows the % of Council Tax collected during the financial year that relates to bills issued for that year. It does not include collection of sums billed relating to previous financial years. The collection rate is stated on a line-by-line basis.
Council Tax income as a percentage of overall funding	26.92%	26.23%		This shows the proportion of total funding that is derived from Council Tax, net of Council Tax Reduction Scheme (CTRS). The increase is mainly due to a combination of greater property numbers and the application of a 3% rise across all bands relative to a lower level of increase in other elements of funding.
Debt and Borrowing - Prudence		Notes on Ratios		
Capital Financing Requirement	£1,546.7m	£1,575.9m		The capital financing requirement represents the underlying need to borrow to fund expenditure on assets. Financing costs are provided for within the Council's Long-Term Financial Plan. Further details of the capital financing requirement can be seen in note 37 to the Financial Statements.
External debt levels	£1,426.3m	£1,476.4m		External debt levels include long-term commitments in respect of finance leases (mainly schools provided through PPP schemes) together with borrowing undertaken to finance capital expenditure. External debt levels are lower than the capital financing requirement as the Council has adopted a position of under borrowing, as set out in the Treasury Strategy.
Debt and Borrowing - Affordability		Notes on Ratios		
Financing costs to net revenue stream - General Fund	11.16%	11.64%		These ratios show the proportion of total revenue funding that is used to meet financing costs.
Financing costs to net revenue stream - HRA	37.29%	37.33%		
Impact of capital investment on Council Tax	-1.07%	-0.60%		These ratios show incremental impact of financing costs (the increase or (decrease) in financing costs from the previous financial year) as a percentage of Council Tax, in respect of costs payable through the General Fund and house rents for the HRA.
Impact of capital investment on house rents	1.34%	2.78%		

MANAGEMENT COMMENTARY

Financial Performance - continued

Treasury Management Strategy

The **Annual Treasury Strategy 2019/20** was approved on 14 March 2019. The key points are:

- the Council's total capital expenditure is forecast to be £2.039 billion between 2018/19 and 2023/24;
- the Council's underlying need to borrow at 31 March 2024 is forecast to be £1.913 billion;
- the opportunity to mitigate future interest rate risk with alternatives to the Public Works Loan Board (PWLB) will continue to be sought and the risk locked out where appropriate; and
- £299m of the Council's external debt is due to mature by 2024.

Capital Strategy

The **Capital Strategy 2019-2024** was approved at Full Council on 14 March 2019.

The report provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of Council services and is linked to a number of other key plans and policies such as the Annual Treasury Strategy, the Capital Investment Programme and HRA Budget Strategy.

Capital Expenditure

Capital expenditure is controlled through the Prudential Code that provides the framework for investing in infrastructure. In Scotland, local authorities are required by regulation to comply with the Prudential Code under Part 7 of the Local Government (Scotland) Act 2003. The key objectives of the Prudential Code are to ensure that capital plans are affordable, prudent and sustainable and that treasury decisions are taken in accordance with professional guidance and best practice.

The outturn position for capital expenditure is summarised below:

	Revised Budget 2018/19 £000	Actual 2018/19 £000	(Slippage) / Acceleration £000
Capital expenditure			
General Fund services	246,364	185,812	(60,552)
Housing Revenue Account	<u>80,934</u>	<u>80,963</u>	<u>29</u>
Total capital expenditure	<u><u>327,298</u></u>	<u><u>266,775</u></u>	<u><u>(60,523)</u></u>
Capital receipts and other contributions			
- General Fund services	(59,086)	(48,512)	10,574
- Housing Revenue Account	(47,171)	(55,393)	(8,222)
Government and other grants			
- General Fund services	(127,142)	(128,326)	(1,184)
- Housing Revenue Account	<u>(11,349)</u>	<u>(9,070)</u>	<u>2,279</u>
Total capital income	<u><u>(244,748)</u></u>	<u><u>(241,301)</u></u>	<u><u>3,447</u></u>
Capital Receipts and Grants Carried Forward			
- Set aside in temporary investments	15,137	15,212	75
- Set aside in Capital Fund	859	825	(34)
- Set aside in Capital Grants Unapplied Account	<u>0</u>	<u>12,339</u>	<u>12,339</u>
Total capital income carried forward	<u><u>15,996</u></u>	<u><u>28,376</u></u>	<u><u>12,380</u></u>
Balance to be funded through borrowing			
- General Fund services	76,132	37,350	(38,782)
- Housing Revenue Account	<u>22,414</u>	<u>16,500</u>	<u>(5,914)</u>
Total advances from loans fund	<u><u>98,546</u></u>	<u><u>53,850</u></u>	<u><u>(44,696)</u></u>

Expenditure on General Fund services slipped in total by £60.552m. The majority of slippage related to delays on the Early Years initiative projects, lending to the NHT and Edinburgh Living LLPs and major bridge projects, caused by factors largely out with the Council's control, however acceleration in the programme of Asset Management Works partly offset the slippage in these projects.

MANAGEMENT COMMENTARY

Financial Performance - continued

Capital Expenditure

The Council received £49.405m of general capital grant. The support provided through general capital grant enables the Council to direct resources to its own priorities.

Capital expenditure for the year totalled £266.775m. Major capital projects undertaken during the year included:

- Educational properties - £28.431m;
- Investing in new council homes and enhancing existing assets through the Housing Revenue Account programme - £80.963m;
- Social housing through the housing development fund - £53.164m;
- Roads, carriageways and other infrastructure - £27.730m;
- Cultural and other recreational venues - £2.920m;
- Providing funding for homes for mid market rent from private developers through the National Housing Trust - £20.418m; and
- Providing funding for homes for mid market rent from private developers through the Edinburgh Living LLP - £2.734m.

Housing Revenue Account

The Council has a statutory obligation to maintain a housing revenue account (HRA) which records all income and expenditure for the management of, and investment in, Council homes. All expenditure on homes let by the Council is funded through the rent and related service charges paid by its tenants.

In February 2018, the Council approved the five year Housing Revenue Account Budget Strategy. The budget set out the long-term investment priorities underpinning the Council's strategy to reduce the cost of living for tenants and to provide good quality, well managed, affordable and low cost housing people on low to middle incomes. The investment priorities are; expand and accelerate the development of affordable and low-cost housing; continue to modernise existing Council homes and neighbourhoods; and transformation of front line services to tenants to tackle inequality and reduce their costs of living.

The HRA Capital Programme is geared towards delivering the HRA Budget Strategy, which aims to expand and accelerate the development of affordable and low-cost homes; to improve tenants' homes, upgrade external fabric of mixed tenure building and estates; and to transform frontline services to reduce tenants' costs of living. 2018/19 was the largest capital programme to date; an 11% increase from the previous year's programme.

Delivery in 2018/19 has been strong. The Housebuilding Programme continues to grow, with around 1,300 homes completed or under construction this year. A total of 182 homes were completed at Pennywell (Phase 2), Calder Gardens, West Pilton and Clermiston in 2018/19, including the 22 mid market rented homes that were purchased by Edinburgh Living. At the end of the financial year, over 700 new homes were under construction, with a further 3,000 homes in design and development stages.

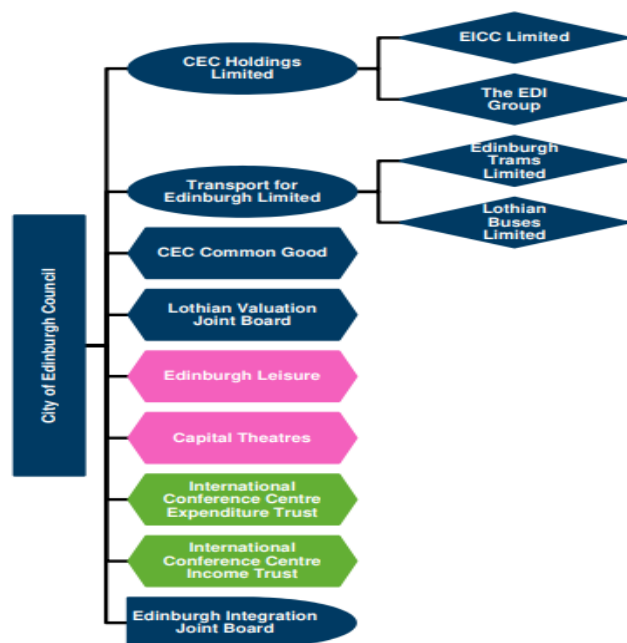
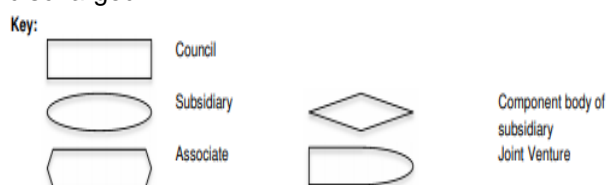
The 2019/20 programme will continue to invest in the internal modernisation of homes with an aim to bring existing homes up to the same quality as new homes and estates over the next 15 years. At the same time, investment in external fabrics, estates and secure door entry systems will be scaled up to meet statutory commitments. This includes £35m investment to delivery Energy Efficiency Standard for Social Housing (EESH) and energy related improvements over the next two years; installation of secure door entry systems in 1,290 mixed tenure blocks over the next three years, where this is the cause of Scottish Housing Quality Standards (SHQS) non-compliance; and establishing a dedicated mixed tenure delivery team to engage with residents, liaise with owners and to progress mixed tenure projects.

MANAGEMENT COMMENTARY

Financial Performance - continued

Group Accounts

In accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, Group Accounts have been prepared, which consolidate the financial interests the Council has in subsidiaries, associates and joint ventures, where the interest is considered material. Note 9 details the interests the Council holds and further financial details about the entities. The adjacent chart shows the significant components in the structure of the Group. Information on the Common Good can be found on page 109 and the International Conference Centre Trusts have now been discharged.



CEC Holdings Ltd

EDI Group Ltd (subsidiary of CEC Holdings Ltd)

The EDI Group was established in 1988 by The City of Edinburgh Council to carry out the development of Edinburgh Park, now regarded as one of the principal business parks in Europe. In early 2017, the Council conducted a review of its approach to the use of surplus land and its interactions with the property market and concluded that the default position will be that the land or buildings are used to deliver affordable housing, meaning that EDI has no future pipeline of projects. As a result, in the longer term the Council decided it should not have an arm's length development company. The Council therefore instructed the directors to begin a process of closure, with the majority of land transferring to the Council and all staff leaving by October 2018, with the company's activities now overseen by Council officers under the governance of a scheme of delegation and service level agreement. The company will continue to trade into 2019 and beyond until such time as all projects currently being undertaken by EDI have either concluded or have been transferred to the Council.

Edinburgh International Conference Centre (EICC) Ltd (subsidiary of CEC Holdings Ltd)

EICC Ltd operates a prime conference venue in the centre of Edinburgh. The Centre was built in 1995 and since that time has welcomed 1.3 million delegates from more than 120 countries, generating £600m of economic impact for the city region.

In 2018, the Centre saw its operating and financial performance improve for the fourth successive year, with the profit before tax from continuing operations increasing from £0.579m in 2017 to £0.760m, notwithstanding limited clients' budgets, increased competition from a growing number of conference centres and aggressive price competition from venues across the globe. The Company's revenues for the year amounted to £8.763m, which was an increase of £0.844m on the previous year and generated a gross profit of £1.360m, an increase of 19.61%.

Transport for Edinburgh Ltd

The core purpose of Transport for Edinburgh Ltd (TfE) is to deliver a high-quality and integrated transport service for the city. It also delivers profit through a strong commercial focus and drive for efficiency across all of its activities. TfE's long-term vision is to be an integral part of the future success of the city and the Lothians, by providing world-class, environmentally-friendly and socially-inclusive public transport.

The Group retained a substantial share of the local public transport market in Edinburgh and the Lothians. Revenue has increased by 6.4% from the previous year to £176.5m with net reserves of £148.8m at year end. The Group faced significant operating and cost pressures in 2018 and anticipates these pressures to persist in 2019, however, the Group will remain proactive in seeking to relieve their impact.

MANAGEMENT COMMENTARY

Financial Performance - Group Accounts - continued

Lothian Valuation Joint Board (LVJB)

The Board reported an unaudited overall outturn underspend of £0.099m against a revised budget of £5.847m during 2018/19. The primary reasons for the reported position against budget were savings from the implementation of a new staffing structure through the Transformational and Cultural Change Programme and a focused reduction in travel expenses. The cost of Individual Electoral Registration (IER) was fully funded by a grant, against which an underspend of £0.372m was carried forward to 2019/20 to mitigate the risk of the removal of Cabinet Office funding and ongoing legacy costs arising from IER.

Edinburgh Leisure

Edinburgh Leisure operates over fifty sport and leisure facilities across the city on behalf of the Council, attracting over four million visits each year, with the aim of inspiring Edinburgh to become a more active and healthy city. The range of facilities includes sport and leisure centres, swim centres, golf courses, tennis courts, bowling greens and sports pitches.

In 2018/19, an underlying surplus on unrestricted funds of £0.409m was achieved against a backdrop of increasing competition, increasing cost pressures and a reduced payment for service from the Council.

Edinburgh Leisure continues to work with the Council and other stakeholders on a range of projects, including Movement for Memories that will support people living with dementia to get active, the Active Mums project which encourages mums to incorporate physical activity into their lives and the #YouCan initiative which aims to empower care-experienced young people to lead more active, healthy lives.

Capital Theatres

2018/19 was a period of very positive trading for the Trust, welcoming over 503,000 paying visitors to the Trust's venues, the first time the half a million mark has been exceeded.

The Trust changed its name to Capital Theatres on 28 February 2018 to reflect the organisation's growth and to establish a brand for the Trust's three venues – the Festival Theatre, King's Theatre and The Studio.

The three venues have hosted a variety of productions during the year, including two "blockbuster" shows, War Horse and Les Misérables, Scottish Ballet and Scottish Opera performances and several touring premieres. The King's pantomime, Beauty and the Beast, once again broke all records during the capital city's Christmas season.

The Trust's Learning and Participation work has continued in 2018/19, with the involvement in the Life Change Trust and contribution as co-funder of the Edinburgh Performing Arts Development (EPAD).

Edinburgh Integration Joint Board

The Edinburgh Integration Joint Board was formally delegated the functions and resources of the Council's Health and Social Care Service and NHS Lothian's Community Health Partnership, with effect from 1 April 2016. At that time an assessment was undertaken on the relationship of the Council with the Edinburgh Integration Joint Board and on the basis of level of control, being fifty percent Board representation, and wider materiality levels, this Joint Venture has been consolidated into the Group accounts for the year to 31 March 2019, see note 9.3.

The Board was in the final year of implementing its initial three year strategic plan, which sets out how the health and social care services delegated by The City of Edinburgh Council and NHS Lothian will be developed and changed over the period to meet the changing needs of the population and achieve better outcomes for people. The budget of around £700m will fund community health and social care services, including GP practices and some elements of acute hospital services. Work is underway to establish a renewed Strategic Plan for 2019-2022.

Group Summary

Net assets for 2018/19 include a combined group pension liability of £546.048m (2017/18 £428.245m), as shown in note 41.9. This reflects the inclusion of pension liabilities relating to the Council, other employees, including subsidiary companies and the incorporation of Lothian and Borders Valuation Joint Board as an associate within the group. This exceeds the value of distributable reserves held by the Group. It should be noted that this is a snapshot of the position at 31 March 2019. The actuarial valuation, which takes a longer term view, will consider the appropriate employers' contribution rates and these, together with employee contributions and revenues generated from fund investments, will be utilised to meet the financing of these liabilities. It is therefore appropriate to adopt a going concern basis for the preparation of the group financial statements.

MANAGEMENT COMMENTARY

Wider Policy Environment and Future Developments

The Council has delivered over £263m of recurring savings since 2012/13, equivalent to around 25% of its net budget. This has allowed the combined financial challenges of increasing demographic-led service demand, inflationary pressures and legislative reform to be addressed whilst steadily improving performance across many areas.

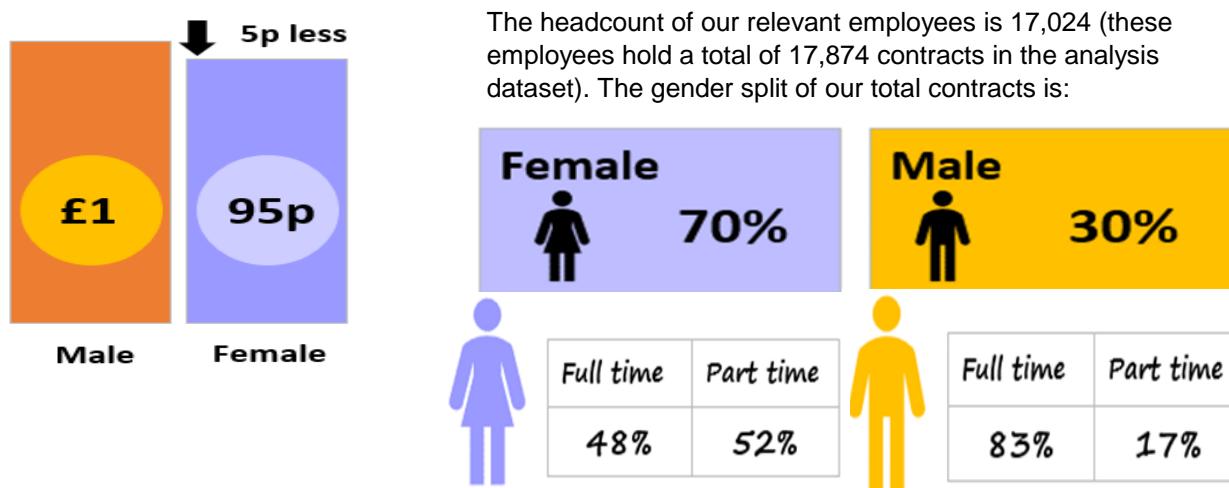
Equality and Rights

The Council's second **Equality, Diversity, and Rights Framework** covers the period 2017-21.

The Council is committed to the principle that all employees should receive equal pay for doing equal work, or work of equal value, regardless of age, sex, race, disability status, sexual orientation, religion or belief, working pattern, employment status, caring responsibilities or trade union membership. It is also an equal opportunities employer and positively values the different backgrounds, perspectives and skills that a diverse workforce brings to the Council.

In accordance with our duties arising as a result of the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012, we have updated our gender pay gap based on data from 31 March 2018.

Whilst our overall mean gender pay gap is 4.8%, this report on the **Gender Pay Gap** recognises that we would like to reduce the gender pay gap and identifies areas for further analysis.



Local Development Plan

The **Edinburgh Local Development Plan (LDP)** was adopted on 24 November 2016. To support the growth of Edinburgh and to ensure the city grows in a sustainable way, new infrastructure provision and enhancements associated with new development (particularly additional school, transport and green space provision) must be delivered. The Council has identified the infrastructure actions required to help deliver the growth and these are set out in the LDP Action Programme.

The financial assessment of the **Edinburgh Local Development Plan Action Programme 2019** was considered by the Finance and Resources Committee on 1 February 2019.

Edinburgh and South-East Scotland Region City Deal

The City Region Deal brings together local authorities and public sector partner organisations across the South-East of Scotland and serves as a mechanism for accelerating growth by pulling in significant government investment.

The City Region Deal is also about providing greater autonomy and decision-making powers for the region to help partners deliver public services more effectively and to tackle inequality and deprivation. **A £1.1bn deal** from the UK and Scottish Governments was confirmed on 20 July 2017, with both governments jointly investing £600m and regional partners adding up to £500m over the next 15 years.

The **latest update** was considered by the Corporate Policy and Strategy Committee on 14 May 2019.

Welfare Reform

The rollout of full service Universal Credit (UC) across Edinburgh began on 28 November 2018. The Department for Work and Pensions (DWP) confirmed that all claimants on the former live service for UC have transitioned to full service UC within Edinburgh.

At the end of December 2018 there were 577 council tenants known to be receiving UC.

The **latest update** was considered by the Corporate Policy and Strategy Committee on 14 May 2019.

MANAGEMENT COMMENTARY

Edinburgh Tram - York Place to Newhaven

The Final Business Case for the Edinburgh Tram - York Place to Newhaven was approved at The City of Edinburgh Council meeting on 14 March 2019.

The Edinburgh Tram York Place to Newhaven route is 4.6km long and completes the originally envisaged Phase 1a of the Edinburgh tram network. This will link Edinburgh Airport, the city centre and the Waterfront area: three of the Council's four priority investment zones under its Economy Strategy.

The tram line to Newhaven is affordable, on the basis that a £1.9 million cashflow challenge in the early years can be funded from reserves. Reserves used would be replenished from profits in future years, with all reserves being repaid by 2027. There are opportunities to reduce the requirement for reserves from efficiencies in tram maintenance and further maximisation of tram advertising income. This conclusion is based on robust and prudent analysis of costs and revenues and assumes an extraordinary dividend from Lothian Buses of £20 million over a 10 year horizon. In the longer term, tram revenues can fund the extension and provide additional income to the Council.

Council Change Strategy: Planning for Change and Delivering Services 2019-2023

On 25 June 2015, Council approved a report on the Transformation Programme which set out the future operating model for the Council.

Since the start of transformation to 3 June 2019, staff accounting for approximately 1,078 FTE have left or are confirmed to be leaving the organisation under Voluntary Early Release Arrangements (VERA) or Voluntary Redundancy (VR) arrangements, under the Transformation Programme. The one-off cost associated with these cases is £46.7m and the overall payback is 13.5 months, which is in line with the original planning assumptions.

The Finance and Resource Committee approved the publication of the Change Strategy, Planning for Change and Delivering Services 2019-2023 on 27 September 2018.

The latest update on the Strategy was considered at the City of Edinburgh Council meeting on 21 February 2019.

The Council's Change Strategy has identified three key principles of (i) driving improvements to deliver high-quality services, (ii) targeting investment on prevention and early intervention and (iii) delivering sustainable and inclusive growth. In recognising that such a transformational shift can only be achieved over the medium-to longer-term, however, a staged approach will be adopted, with a suite of shorter-term measures identified to provide necessary financial breathing space in 2019/20 to provide the foundation for this more fundamental longer-term change.

Budget Framework

On 21 February 2019, the Council set a balanced budget for 2019/20. Delivery of approved savings and prompt identification and management of underlying or emerging risks and pressures will again be key to maintaining financial stability in the coming year.

Conclusion

In 2021, it is forecast that the number of people aged 65 and over will overtake the number of people aged under 18. By 2023 there will be 4,000 more children in our schools than there are today, and our total population will have increased by 23,000 people. We need to be prepared to support more children in our schools, while at the same time look after an ageing population who will need support from the Council and NHS alike. We need to make sure that the city continues to be open, progressive and forward-thinking so that everyone can share in the benefits. To do this we need to be a modern organisation focused upon even more efficient and effective delivery of our public services. We cannot continue to do things the same way we always have, we need to change and improve.

STATEMENT OF RESPONSIBILITIES FOR THE ANNUAL ACCOUNTS

The Authority's Responsibilities

The Authority is required:

- to make arrangements for the proper administration of its financial affairs, including group interests, and to secure that the proper officer of the authority has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this Authority, that officer is the Head of Finance.
- to manage its affairs to secure economic, efficient and effective use of its resources and safeguard its assets.
- to 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).
- to approve the Annual Accounts for signature.

The Section 95 Officer's responsibilities

The Section 95 Officer is responsible for the preparation of the Authority's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code).

In preparing the Annual Accounts, the Section 95 Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with legislation; and
- complied with the Local Authority Accounting Code (insofar as it is compatible with legislation), except where stated in the Policies and Notes to the Accounts.

The Section 95 Officer has also:

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

Annual Accounts

I certify that the financial statements give a true and fair view of the financial position of the Council and its Group at the reporting date and the transactions of the Council and its Group for the year ended 31 March 2019.

HUGH DUNN, CPFA
Head of Finance
Section 95 Officer

20 June 2019

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Movement in Reserves Statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to Council Tax or rents for the year. The net increase/decrease line shows the statutory General Fund balance and Housing Revenue Account balance movements in the year following those adjustments.

Council 2018/19	General Fund Balance	Housing Revenue Account Balance	Renewal and Repairs Fund	Capital Grants Unapplied Account	Capital Fund	Total Usable Reserves	Total Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
2018/19								
Balance at 31 March 2018	151,285	0	58,123	4,796	63,558	277,762	1,971,552	2,249,314
Transition to IFRS 9	(204)	0	0	0	0	(204)	0	(204)
Opening Balance 1 April 2018	<u>151,081</u>	<u>0</u>	<u>58,123</u>	<u>4,796</u>	<u>63,558</u>	<u>277,558</u>	<u>1,971,552</u>	<u>2,249,110</u>
Movement during 2018/19								
Total Comprehensive Income and Expenditure	(89,362)	31,971	(14,866)	0	(7,386)	(79,643)	535,719	456,076
Adjustments between accounting basis and funding basis under regulations (Note 11)	92,054	(58,014)	0	10,988	(265)	44,763	(44,763)	0
Net increase / (decrease) before transfers to statutory reserves	<u>2,692</u>	<u>(26,043)</u>	<u>(14,866)</u>	<u>10,988</u>	<u>(7,650)</u>	<u>(34,879)</u>	<u>490,956</u>	<u>456,077</u>
Transfer (to) / from other statutory reserves (Note 12.3)	(9,132)	26,043	(16,911)	0	0	0	0	0
Increase / (decrease) in year	<u>(6,236)</u>	<u>0</u>	<u>(31,777)</u>	<u>10,988</u>	<u>(7,650)</u>	<u>(34,675)</u>	<u>490,956</u>	<u>456,281</u>
Balance at 31 March 2019	<u>144,845</u>	<u>0</u>	<u>26,346</u>	<u>15,784</u>	<u>55,908</u>	<u>242,883</u>	<u>2,462,508</u>	<u>2,705,391</u>

Group - 2018/19	Total Usable Reserves	Total Unusable Reserves	Council Total Reserves	Group Reserves	Total Reserves
	£000	£000	£000	£000	£000
2018/19					
Balance at 31 March 2018	277,762	1,971,552	2,249,314	202,196	2,451,510
Transition to IFRS 9	(204)	0	(204)	0	(204)
Opening Balance 1 April 2018	<u>277,558</u>	<u>1,971,552</u>	<u>2,249,110</u>	<u>202,196</u>	<u>2,451,306</u>
Movement during 2018/19					
Total Comprehensive Income and Expenditure	(79,643)	535,719	456,076	(4,044)	452,032
Adjustments between accounting basis and funding basis under regulations (Note 11)	44,763	(44,763)	0	0	0
Net increase / (decrease) before transfers to statutory reserves	<u>(34,879)</u>	<u>490,956</u>	<u>456,077</u>	<u>(4,044)</u>	<u>452,033</u>
Transfer (to) / from other statutory reserves (Note 12.3)	0	0	0	0	0
Increase / (decrease) in year	<u>(34,675)</u>	<u>490,956</u>	<u>456,281</u>	<u>(4,044)</u>	<u>452,237</u>
Balance at 31 March 2019	<u>242,883</u>	<u>2,462,508</u>	<u>2,705,391</u>	<u>198,152</u>	<u>2,903,543</u>

MOVEMENT IN RESERVES STATEMENT

Council 2017/18 Comparative Data	General Fund Balance £000	Housing Revenue Account Balance £000	Renewal and Repairs Fund £000	Capital Grants Unapplied Account £000	Capital Fund £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Reserves £000
Balance at 31 March 2017	142,611	0	64,149	766	61,178	268,704	1,511,573	1,780,277
Movement during 2017/18								
Total Comprehensive Income and Expenditure	(75,058)	14,469	0	0	0	(60,589)	529,625	469,036
Adjustments between accounting basis and funding basis under regulations (Note 11)	89,588	(23,511)	0	4,030	2,379	72,486	(72,486)	0
Net increase / (decrease) before transfers to statutory reserves	14,530	(9,042)	0	4,030	2,380	11,898	457,139	469,037
Transfer (to) / from other statutory reserves (Note 12.3)	(5,856)	9,042	(6,026)	0	0	(2,840)	2,840	0
Increase / (decrease) in year	8,674	0	(6,026)	4,030	2,380	9,058	459,979	469,037
Balance at 31 March 2018	151,285	0	58,123	4,796	63,558	277,762	1,971,552	2,249,314

Group - 2017/18	Total Usable Reserves £000	Total Unusable Reserves £000	Total Reserves £000	Group Reserves £000	Total Reserves £000
Balance at 31 March 2017	268,704	1,511,573	1,780,277	141,194	1,921,471
Movement during 2017/18					
Total Comprehensive Income and Expenditure	(60,589)	529,625	469,036	61,002	530,038
Adjustments between accounting basis and funding basis under regulations (Note 11)	72,486	(72,486)	0	0	0
Net increase / (decrease) before transfers to statutory reserves	11,898	457,139	469,037	61,002	530,039
Transfer (to) / from other statutory reserves (Note 12.3)	(2,840)	2,840	0	0	0
Increase / (decrease) in year	9,058	459,979	469,037	61,002	530,039
Balance at 31 March 2018	277,762	1,971,552	2,249,314	202,196	2,451,510

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services for the Group in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Council raises taxation to cover its expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

for the year ended 31 March 2019

2017/18			Gross	Income	Net
£000	Notes	£000	£000	£000	£000
	SERVICES				
356,769	Communities and Families	500,698	(85,595)	415,103	
156,558	Place	349,198	(209,553)	139,645	
(26,172)	Housing Revenue Account	81,710	(105,024)	(23,314)	
202,393	Health and Social Care	519,796	(303,678)	216,118	
222,476	Resources	312,321	(46,453)	265,868	
11,133	Chief Executive	11,810	(1,341)	10,469	
32,362	Safer and Stronger Communities	0	0	0	
3,629	Lothian Valuation Joint Board	3,575	0	3,575	
(625)	Net cost of benefits	192,673	(193,484)	(811)	
29,113	Other non-service specific costs	9,625	10,234	19,859	
(7,845)	Subsidiary Companies	199,930	(191,327)	8,603	
979,791	COST OF SERVICES	<u>2,181,336</u>	<u>(1,126,221)</u>	1,055,115	
5,263	Gains on disposal of non-current assets			(5,888)	
93,901	Financing and Investment Income and Exp.	13.		78,967	
(1,026,666)	Taxation and Non-Specific Grant Income	14.		(1,063,789)	
52,289	(SURPLUS) / DEFICIT ON PROVISION OF SERVICES			64,405	
3,339	Associates and Joint Ventures Accounted for on an Equity Basis			(1,226)	
2,106	Taxation of Group entities	14.		(80)	
<u>57,734</u>	GROUP (SURPLUS) / DEFICIT			<u>63,099</u>	
(255,820)	Surplus on Revaluation of Non-Current Assets		(587,490)		
(14)	(Surplus) on Revaluation of Available for Sale Financial Assets		0		
77,350	Return on assets excluding amounts incl. in Financing and Investment Inc / Exp		(191,830)		
(351,162)	Changes in Financial and Demographic Assumptions / Other Experience		263,605		
(58,126)	Other Unrealised (Gains) / Losses		583		
(587,772)	Other Comprehensive Income and Expend.			(515,132)	
<u>(530,038)</u>	TOTAL COMPREHENSIVE (INCOME) / EXPENDITURE			<u>(452,033)</u>	

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing Council services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Council raises taxation to cover its expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

for the year ended 31 March 2019

2017/18			Gross	Income	Net
£000	SERVICES	Notes	Expend.	£000	Expend.
			£000	£000	£000
356,769	Communities and Families		500,698	(85,595)	415,103
156,558	Place		349,198	(209,553)	139,645
(26,172)	Housing Revenue Account		81,710	(105,024)	(23,314)
202,393	Health and Social Care		519,796	(303,678)	216,118
222,476	Resources		312,321	(46,453)	265,868
11,133	Chief Executive		11,810	(1,341)	10,469
32,362	Safer and Stronger Communities		0	0	0
3,629	Lothian Valuation Joint Board		3,575	0	3,575
(625)	Net cost of benefits		192,673	(193,484)	(811)
29,113	Other non-service specific costs		9,625	10,234	19,859
987,636	COST OF SERVICES		1,981,406	(934,894)	1,046,512
5,292	Gains on disposal of non-current assets				(6,001)
94,327	Financing and Investment Income and Exp.	13.			80,669
(1,026,666)	Taxation and Non-Specific Grant Income	14.			(1,063,789)
60,589	(SURPLUS) / DEFICIT ON PROVISION OF SERVICES				57,391
(255,820)	Surplus on Revaluation of Non-Current Assets			(587,490)	
77,350	Return on assets excluding amounts incl. in Financing and Investment Inc / Exp			(191,830)	
(351,162)	Changes in Financial and Demographic Assumptions / Other Experience			263,605	
7	Other Unrealised Losses			2,248	
(529,625)	Other Comprehensive Income and Expend.				(513,467)
(469,036)	TOTAL COMPREHENSIVE (INCOME) / EXPENDITURE				(456,076)

RECONCILIATION OF THE COUNCIL'S POSITION TO THE GROUP POSITION

£000		£000
(469,036)	Total Comprehensive (Income) and Expenditure on the Council's Comprehensive Income and Expenditure Statement (CIES)	(456,076)
(6,941)	Subsidiary and associate transactions included in the Council's CIES	(4,775)
(49,768)	(Surplus) / deficit arising from other entities included in the Group Accounts Subsidiaries	10,964
(4,293)	Associates and Joint Ventures	(2,146)
(530,038)	Group total Comprehensive (Income) / Expenditure for the year	(452,033)

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council and Group. The net assets (assets less liabilities) are matched by the reserves held by the Council and Group. Reserves are reported in two categories. The first is usable reserves, i.e. those reserves that may be used to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category are those that are not able to be used to provide services. This includes reserves that hold unrealised gains and losses (for example, the revaluation reserve) where amounts would only become available if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'adjustments between accounting basis and funding basis under regulations'.

31 March 2018			31 March 2019	
Group	Council		Group	Council
£000	£000	Notes	£000	£000
1,444	1,444			
4,047,483	3,923,749	17.	335	335
18,321	17,891	15.	4,601,975	4,486,919
30,885	30,885	16.	19,136	18,916
2,580	2,580	18.	31,304	31,304
619	0	22.	1,586	1,586
59,466	0	42.	0	0
8,288	20,280		65,471	0
29,823	0	42.	11,698	23,690
99,830	106,275		33,065	0
<u>4,298,739</u>	<u>4,103,104</u>	20.	<u>131,380</u>	<u>134,932</u>
			4,895,950	4,697,682
21,757	20,722			
20,126	20,126		17,100	17,100
26,836	26,836	22.	17,605	17,605
13,958	2,513	42.	25,959	25,959
130,199	113,922	19.	12,792	2,984
137,022	113,405	20.	124,551	106,294
<u>349,898</u>	<u>297,524</u>	21.	<u>135,844</u>	<u>106,679</u>
			333,851	276,621
(70,945)	(70,946)	42.	(72,269)	(73,722)
(176,797)	(149,750)	23.	(216,401)	(174,458)
(29,272)	(25,431)	24.	(36,727)	(33,810)
<u>(277,014)</u>	<u>(246,127)</u>		<u>(325,397)</u>	<u>(281,990)</u>
(1,187,742)	(1,201,404)	42.	(1,138,654)	(1,150,591)
(204,720)	(196,067)	42.	(199,270)	(193,365)
(16,452)	0		(15,957)	0
(25,223)	(25,223)	42.	(37,201)	(37,201)
(2,916)	0		(4,014)	0
(483,060)	(482,493)	26.5	(605,765)	(605,765)
<u>(1,920,113)</u>	<u>(1,905,187)</u>		<u>(2,000,861)</u>	<u>(1,986,922)</u>
<u>2,451,510</u>	<u>2,249,314</u>		<u>2,903,543</u>	<u>2,705,391</u>
2,090,983	1,971,552	26.	2,581,975	2,462,508
360,527	277,762	12.	321,568	242,883
<u>2,451,510</u>	<u>2,249,314</u>		<u>2,903,543</u>	<u>2,705,391</u>

The unaudited accounts were issued on 20 June 2019.

HUGH DUNN, CPFA
Head of Finance
20 June 2019

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council and Group during the reporting period. The statement shows how the Council and Group generate and use cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council and Group are funded by way of taxation and grant income or from the recipients of services provided by the Council and Group. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council and Group's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council and Group.

Year to 31 March 2018			Year to 31 March 2019	
Group	Council		Group	Council
£000	£000	Notes	£000	£000
Operating Activities				
52,289	60,589	Surplus on the Provision of Services	64,405	57,391
2,106	0	Adjustment to Surplus / (Deficit) for Taxation of Group entities	(80)	0
(281,640)	(268,582)	Adjustments to Surplus on the Provision of Services for non-cash movements	(360,987)	(325,906)
(17,303)	(17,729)	Adjustments for items included in the Surplus on the Provision of Services that are investing or Financing Activities	21,156	19,454
<u>(244,548)</u>	<u>(225,722)</u>	Net cash flows from operating activities	<u>(275,506)</u>	<u>(249,061)</u>
Investing Activities				
202,805	179,919	Net cash flows from investing activities	209,738	192,814
Financing Activities				
<u>64,552</u>	<u>65,540</u>	Net cash flows from financing activities	<u>66,946</u>	<u>62,973</u>
<u>22,809</u>	<u>19,737</u>	Net decrease in cash and cash equivalents	<u>1,178</u>	<u>6,726</u>
<u>(159,831)</u>	<u>(133,142)</u>	Cash and cash equivalents at 1 April	<u>(137,022)</u>	<u>(113,405)</u>
<u>(137,022)</u>	<u>(113,405)</u>	Cash and cash equivalents at 31 March	<u>(135,844)</u>	<u>(106,679)</u>
<u>22,809</u>	<u>19,737</u>	Net decrease in cash and cash equivalents	<u>1,178</u>	<u>6,726</u>

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

The Annual Accounts summarise the authority's transactions for the 2018/19 financial year and its position at the year-end of 31 March 2019. The authority is required to prepare Annual Accounts by the Local Authority Accounts (Scotland) Regulations 2014, which Section 12 of the Local Government in Scotland Act 2003 requires to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act.

1.1 Material Items

Items of income and expenditure are material if individually or collectively they could influence the decisions or assessments of users of the financial statements, by omission or misstatement. Materiality is an expression of the relative significance of a matter in the context of the annual accounts as a whole.

The assessment of materiality is based on 1% of gross expenditure, at net cost of services level, as this is considered to be the principal consideration for users when assessing the Group and Council's performance. The materiality assessment is set out in the table below.

Specific levels of materiality are considered appropriate for both the Trading Operation and the Housing Revenue Account. The trading operation has been assessed on 5% of its cumulative three year deficit and the Housing Revenue Account on 1% of gross expenditure.

Group	Council	HRA	Trading
£m	£m	£m	£m
20.312	18.616	0.74	0.023

The principle of materiality does not, however, override the need for relevant statutory disclosures (such as those included within the remuneration report), even if the amounts concerned would otherwise fall below the materiality threshold. Similarly, the assessment of materiality also considers the nature of transactions, irrespective of amount, insofar as these might influence a user of the financial statements.

1.2 Recognition of Income and Expenditure

- The revenue and capital accounts have been prepared on an accruals basis in accordance with the Code of Practice. Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

Income from service recipients is recognised when the goods or services are transferred to the service recipient.

Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date the supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded on the Balance Sheet.
- Provision has been made in the relevant accounts for bad and doubtful debts.
- Revenue from Council Tax and Non Domestic Rates is recognised when it is probable that the economic benefits will flow to the Council and the amount of revenue can be measured reliably. Revenue is measured at the full amount receivable (net of any bad debt provision) as they are non-contractual, non-exchange transactions.

1.3 Value Added Tax

Value added tax (VAT) is excluded from the financial statements unless it is non-recoverable from HM Revenue and Customs.

1.4 Overheads

The costs of support services are reported in accordance with the current management structure. Certain support service costs are recovered through direct charges during the year.

1.5 Events after the balance sheet date

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Annual Accounts are authorised for issue. Two types of events can be identified:

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies - continued

1.5 Events after the balance sheet date - continued

- those that provide evidence of conditions that existed at the end of the reporting period - the Annual Accounts are adjusted to reflect such events.
- those that are indicative of conditions that arose after the reporting period - the Annual Accounts are not adjusted to reflect such events, but where the effect would have been material, disclosure is made in the notes of the nature of the event and its estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Annual Accounts.

1.6 Prior period adjustments, changes in accounting policies and estimates

Prior period adjustments may arise as a result of a change in accounting policy or to correct a material error. Changes in accounting policy are only made when required by proper accounting practice or to provide more reliable or relevant information on the Council's financial position. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period, as if the new policy had always been applied. Changes in accounting estimation techniques are applied in the current and future years and do not give rise to a prior period adjustment.

1.7 Public Private Partnership - School Buildings, Maintenance and Other Facilities

Public Private Partnership (PPP) contracts are agreements to receive services, where the responsibility for making available the non-current assets required to provide the services passes to the PPP contractor. As the Council is deemed to control the services that are provided under this scheme and as ownership of the schools and other facilities will pass to the Council at the end of the contracts for no additional charge, the Council carries the non-current assets used under the contracts on its Balance Sheet.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as other assets owned by the Council.

The amounts payable to the PPP operators each year are analysed into five elements:

- fair value of the services received during the year - debited to Education Services in the Comprehensive Income and Expenditure Statement.
- finance cost - an interest charge of 8.968% (PPP1 scheme), 5.895% (PPP2 scheme) and 8.197% (James Gillespie's High School) on the outstanding balance sheet liability - debited to 'financing and investment income and expenditure' in the Comprehensive Income and Expenditure Statement.
- contingent rent - increases in the amount to be paid for the property arising during the contract - debited to 'financing and investment income and expenditure' in the Comprehensive Income and Expenditure Statement.
- payment towards liability - applied to write down the value of the finance lease on the Balance Sheet.
- lifecycle replacement costs - recognised as non-current assets on the Balance Sheet.

Service Concession Agreements are accounted for in accordance with IFRIC 12 'Service Concession Arrangements'. The Standard recognises that the Council is in control of services provided under the PPP scheme. As ownership of the long-term assets will pass to the Council at the end of the contract for no additional charge, the Council carries the assets on the Balance Sheet.

1.8 Fair Value measurement - surplus assets and investment properties

Surplus assets, investment properties and relevant financial instruments are measured at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies - continued

1.8 Fair Value measurement - surplus assets and investment properties - continued

In measuring the fair value, the market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use is taken into account.

Appropriate valuation techniques have been applied, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy as:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - unobservable inputs for the asset or liability.

1.9 Property, Plant and Equipment

• Categories of Assets

Property, plant and equipment is categorised into the following classes:

Council dwellings	Other land and buildings
Vehicles, plant, furniture and equipment	Infrastructure assets, e.g. roads and footways
Community assets, e.g. parks	Assets under construction
Surplus assets (assets that are surplus to requirements, but there are no clear plans to sell these at the current time)	

• Recognition

Expenditure on the acquisition, creation or enhancement of non-current assets has been capitalised on an accruals basis. Expenditure lower than £6,000 on individual assets is charged to revenue.

• Measurement

Infrastructure, community assets and assets under construction are measured at historical cost.

All other classes of property, plant and equipment are measured at fair value.

- Other land and buildings - fair value is the amount that would be paid for the assets in their existing use.
- Council dwellings - fair value is measured at existing use value - social housing.
- Vehicles, plant, furniture and equipment - fair value is the amount equivalent to depreciated historical cost for short life and/or low value assets. For assets with longer lives and/or high values, fair value is the amount that would be paid for the asset in its existing use or depreciated replacement cost for specialised /rarely sold assets where insufficient market-based evidence exists.
- Surplus assets - fair value is the price that would be paid for an asset in its highest and best use.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies - continued

1.9 Property, Plant and Equipment - continued

- **Depreciation**

Depreciation is provided on all property, plant and equipment, other than freehold land, community assets and assets under construction.

The Council depreciates its non-current assets in the year of acquisition. The Council operates a five-year rolling revaluation programme for assets and provides for depreciation on a straight line basis on the opening book value plus the cost of acquisitions and enhancements during the year over the remaining useful life of the asset. Thus the charge to the Comprehensive Income and Expenditure Statement for the year is impacted by changes in asset value during the year arising from enhancements but not revaluation.

Component accounting is applied as part of the revaluation process. As a result, where a building asset is split down into further components for the first time in year, the depreciation charge is based on the opening book value over the opening remaining useful life of the asset rather than subsequent component values and associated lives. The difference is not considered material.

- **Charges to Revenue for use of Non-Current Assets**

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the real cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service.
- impairment losses attributable to the clear consumption of economic benefits on property, plant and equipment used by the service and other losses where there are no accumulated gains in the Revaluation Reserve against which they can be written off.

The Council is not required to raise Council Tax to cover depreciation or impairment losses. Depreciation and impairment losses are therefore a reconciling item in the Movement in Reserves Statement for the General Fund and Housing Revenue Account by way of an adjusting transaction with the capital adjustment account.

- **Revaluations**

Where assets are included in the Balance Sheet at fair value, revaluations are carried out at intervals of no more than five years. The Council operates a rolling programme for revaluations. The determination of fair value of land and buildings is undertaken by the Council's Operational Estate Manager.

- **De-recognition**

An asset is de-recognised either on its disposal, or where no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from de-recognition of an asset is included in 'surplus or deficit on the provision of services' within the Comprehensive Income and Expenditure Statement when the asset is de-recognised.

The gain or loss on de-recognition of property, plant and equipment assets is a reconciling item in the Movement in Reserves Statement for the General Fund and Housing Revenue Account.

- **Components**

Component accounting is applied to all assets that comprise land and buildings. Land and buildings are treated as separate components of an asset and accounted for separately.

The building component of an asset is separated into further components primarily to those with a carrying value of over £5 million. This policy is also applied to buildings with a carrying value of less than £5 million where enhancement expenditure is considered significant in relation to the overall carrying value of the building component.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies - continued

1.9 Property, Plant and Equipment - continued

Where it is necessary to break a building down into further components, the following categories are applied:

- Structural - includes external and internal walls, traditional roofing, doors, etc.
- Non-traditional roofing - includes flat roof, non-traditional roof coverings and industrial type roofs.
- Finishes - includes doors, windows and room finishes.
- Mechanical and electrical services - includes water, heat, ventilation, electrical, lifts, fire and communications.
- Fittings and furnishings - includes fittings, furnishings and sanitary appliances.

1.10 Revenue Expenditure Funded from Capital Under Statute

Expenditure that may be capitalised under statutory provisions that does not result in the creation of assets for the Council has been charged to the 'cost of services' in the Comprehensive Income and Expenditure Statement.

These costs are a reconciling item in the Movement in Reserves Statement for the General Fund by way of an adjusting transaction with the capital adjustment account.

1.11 Group Account Consolidation

The group has reviewed its investments in other entities to assess whether the conclusion to consolidate is different under IFRS 10 than under IAS 27. No differences were found.

Group accounts have been prepared on the following basis:

- Accounting policies for group members have been aligned where possible.
- The following methods of consolidation have been used:
 - Subsidiaries - line-by-line basis;
 - Associates - equity method.
- Transport for Edinburgh Limited's and CEC Holdings Limited's reporting periods are to 31 December. As this is within three months of the Council's reporting period (to 31 March), no consolidation adjustments have been made.
- Inter-company transactions have been eliminated on consolidation.
- Group members' financial statements have been prepared on an accruals basis, with the exception of the International Conference Centre Income Trust and International Conference Centre Expenditure Trust, which have been prepared on a cash basis.

NOTES TO THE FINANCIAL STATEMENTS

2. Expenditure and Funding Analysis - Council

The objective of the Expenditure and Funding Analysis is to demonstrate to Council Tax and rent payers how the funding available to the authority (i.e. government and other grants, rents, fees and charges, Council Tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement on Page 20.

2018/19	Net Expend. Chargeable to the General Fund and HRA		Net
	Balances £000	Adjustments £000	Expenditure in the CIES £000
Communities and Families Place	397,307	17,796	415,103
Housing Revenue Account	54,295	85,350	139,645
Health and Social Care Resources	0	(23,314)	(23,314)
Chief Executive	208,237	7,881	216,118
Lothian Valuation Joint Board	172,582	93,286	265,868
	9,656	813	10,469
	3,575	0	3,575
Cost of Services	845,652	181,812	1,027,464
Other income and expenditure			
Net cost of benefits	(811)	0	(811)
Other non-service specific costs	23,246	(3,542)	19,704
Net deficit on trading activities	0	36	36
Net income and changes in relation to investment properties and changes in their fair value	0	(2,768)	(2,768)
Interest and investment income	(12,020)	(386)	(12,406)
Interest payable and similar charges (<i>loan charges in management reporting</i>)	107,521	(25,086)	82,435
Net pension interest cost	0	13,527	13,527
Gains on disposal of assets	0	(6,001)	(6,001)
Contribution to Renewal and Repairs Fund	173	(173)	0
Contribution from Capital Fund	(980)	980	0
Contribution from General Fund	(697)	697	0
Income from Council Tax	(259,435)	0	(259,435)
Government Grants	(363,757)	0	(363,757)
Distribution from NDR1 pool	(340,474)	0	(340,474)
Capital grants and contributions	0	(100,123)	(100,123)
(Surplus) / Deficit on the provision of services	(1,582)	58,973	57,391
Opening General Fund and HRA Balance	151,285		
Contributions to / (from) reserves, including those within services (<i>see notes 12.1 and 12.3 for detail</i>)	(8,022)		
Surplus on the provision of services	1,582		
Closing General Fund and HRA Balance at 31 March	144,845		

For a split of the balance between the General Fund and the HRA, see the Movement in Reserves Statement on page 17.

The Council has continued to undergo a programme of transformation during 2018/19. The most significant service reporting change related to Safer and Stronger Communities being transferred to Communities and Families, during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

2. Expenditure and Funding Analysis - Council - continued

2017/18 Comparative Data	Net Expend. Chargeable to the General Fund and HRA		Net Expenditure in the CIES £000
	Balances £000	Adjustments £000	
Communities and Families Place	342,940	13,829	356,769
Housing Revenue Account	0	(26,172)	(26,172)
Health and Social Care Resources	193,273	9,120	202,393
Chief Executive	170,304	52,172	222,476
Safer and Stronger Communities	11,019	114	11,133
Lothian Valuation Joint Board	30,470	1,892	32,362
	3,629	0	3,629
Cost of Services	822,084	137,064	959,148
Other income and expenditure			
Early release costs	2,727	88	2,815
Net cost of benefits	(625)	0	(625)
Other non-service specific costs	19,604	6,694	26,298
Net deficit on trading activities	0	42	42
Net income and changes in relation to investment properties and changes in their fair value	0	(3,014)	(3,014)
Interest and investment income	(10,274)	(139)	(10,413)
Interest payable and similar charges (<i>loan charges in management reporting</i>)	110,545	(21,595)	88,950
Net pension interest cost	0	18,762	18,762
(Gains) / Losses on disposal of assets	0	5,292	5,292
Contribution to Renewal and Repairs Fund	93	(93)	0
Contribution from Capital Fund	(1,899)	1,899	0
Contribution from General Fund	5,397	(5,397)	0
Income from Council tax	(249,248)	0	(249,248)
Revenue support grant	(345,757)	0	(345,757)
Distribution from NDR1 pool	(355,063)	0	(355,063)
Capital grants and contributions	0	(76,598)	(76,598)
Surplus on the provision of services	(2,416)	63,005	60,589
Opening General Fund and HRA Balance	142,611		
Contributions to / (from) reserves, including those within services (<i>see notes 12.1 and 12.3 for detail</i>)	6,258		
Surplus on the provision of services	2,416		
Closing General Fund and HRA Balance at 31 March	151,285		

For a split of the balance between the General Fund and the HRA, see the Movement in Reserves Statement on page 18.

NOTES TO THE FINANCIAL STATEMENTS

2. Expenditure and Funding Analysis - Council

2.1 Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure

Statement amounts

2018/19	Adjusts. For Capital Purposes £000	Net Change for Pensions Adjusts. £000	Other Differences £000	Total Statutory Adjusts. £000
Communities and Families Place	409	13,891	1,112	15,412
Housing Revenue Account	73,122	8,787	146	82,055
Health and Social Care Resources	(49,685)	851	(523)	(49,357)
Chief Executive	192	8,179	(59)	8,312
	109,069	7,415	60	116,544
	9	779	(4)	784
Cost of Services	133,116	39,902	732	173,750
Other income and expenditure				
Other non-service specific costs	(1,333)	(1,933)	(3)	(3,269)
Net income and changes in relation to investment properties and changes in their fair value	0	0	(1,026)	(1,026)
Interest and investment income	(115)	0	1	(114)
Interest payable and similar charges	(42,460)	0	(1,334)	(43,794)
Net pension interest cost		13,527	0	13,527
Gains on disposal of assets	(6,001)	0	0	(6,001)
Capital grants and contributions	(100,123)	0	0	(100,123)
Total Adjustments	(16,916)	51,496	(1,630)	32,950

Notes -

Adjustments for capital purposes include the replacement of depreciation and impairment costs with repayment of borrowing to the Loans Fund.

Net changes for pensions adjustment relate to the adjustment made for the removal of IAS19 Employee Benefits pension related expenditure and income with the pension contributions.

Other differences include reversal of the value of entitlement to accrued leave, the revaluation of investment properties and the timing differences for premiums and discounts associated with borrowing within the Loans Fund.

NOTES TO THE FINANCIAL STATEMENTS

2. Expenditure and Funding Analysis - Council - continued

2.1 Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts

2018/19	Total Statutory Adjusts. b/fwd £000	Presentation Adjusts. £000	Use of Reserves £000	Total Adjusts. £000
Communities and Families Place	15,412	(83)	2,467	17,796
Housing Revenue Account	82,055	13	3,282	85,350
Health and Social Care Resources	(49,357)	0	26,043	(23,314)
Chief Executive	8,312	(439)	8	7,881
	116,544	(16,814)	(6,444)	93,286
	784	0	29	813
Cost of Services	173,750	(17,323)	25,385	181,812
Other income and expenditure				
Other non-service specific costs	(3,269)	3,584	(3,857)	(3,542)
Net deficit on trading activities	0	36	0	36
Net income and changes in relation to investment properties and changes in their fair value	(1,026)	(1,742)	0	(2,768)
Interest and investment income	(114)	0	(272)	(386)
Interest payable and similar charges	(43,794)	18,708	0	(25,086)
Net pension interest cost	13,527	0	0	13,527
Gains on disposal of assets	(6,001)	0	0	(6,001)
Use of reserves	0	(3,263)	4,767	1,504
Capital grants and contributions	(100,123)	0	0	(100,123)
Total Adjustments	32,950	0	26,023	58,973

Notes -

Presentational adjustments relate primarily to the presentation of interest payments on finance leases (including PPP schemes), trading operations and income and expenditure on investment properties for decision making purposes.

NOTES TO THE FINANCIAL STATEMENTS

2. Expenditure and Funding Analysis - Council - continued

2.1 Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts

2017/18 Comparative Data	Adjusts. For Capital Purposes £000	Net Change for Pensions Adjusts. £000	Other Differences £000	Total Statutory Adjusts. £000
Communities and Families Place	4,600	10,058	578	15,236
Housing Revenue Account	72,078	7,874	(84)	79,868
Health and Social Care Resources	(35,443)	768	(539)	(35,214)
Chief Executive	233	7,490	41	7,764
Safer and Stronger Communities	65,091	7,408	221	72,720
	9	236	(91)	154
	0	1,910	(27)	1,883
Cost of Services	106,568	35,744	99	142,411
Other income and expenditure				
Other non-service specific costs	16,350	(3,987)	3	12,366
Net income and changes in relation to investment properties and changes in their fair value	0	0	(1,420)	(1,420)
Interest and investment income	(57)	0	0	(57)
Interest payable and similar charges	(38,718)	0	(1,392)	(40,110)
Net pension interest cost	0	18,762	0	18,762
Gains on disposal of assets	5,292	0	0	5,292
Capital grants and contributions	(76,598)	0	0	(76,598)
Total Adjustments	12,837	50,519	(2,710)	60,646

Notes -

Adjustments for capital purposes include the replacement of depreciation and impairment costs with repayment of borrowing to the Loans Fund.

Net changes for pensions adjustment relates to the adjustment made for the removal of IAS19 Employee Benefits pension related expenditure and income with the pension contributions.

Other differences include reversal of the value of entitlement to accrued leave, the revaluation of investment properties and the timing differences for premiums and discounts associated with borrowing within the Loans Fund.

NOTES TO THE FINANCIAL STATEMENTS

2. Expenditure and Funding Analysis - Council - continued

2.1 Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts

2017/18 Comparative Data	Total Statutory Adjusts. b/fwd £000	Presentation Adjusts. £000	Use of Reserves £000	Total Adjusts. £000
Communities and Families Place	15,236	962	(2,369)	13,829
Housing Revenue Account	79,868	328	5,913	86,109
Health and Social Care Resources	(35,214)	0	9,042	(26,172)
Chief Executive	7,764	(527)	1,883	9,120
Safer and Stronger Communities	72,720	(16,632)	(3,916)	52,172
	154	39	(79)	114
	1,883	75	(66)	1,892
Cost of Services	142,411	(15,755)	10,408	137,064
Other income and expenditure				
Early release costs	0	88	0	88
Other non-service specific costs	12,366	(1,296)	(4,376)	6,694
Net deficit on trading activities	0	42	0	42
Net income and changes in relation to investment properties and changes in their fair value	(1,420)	(1,594)	0	(3,014)
Interest and investment income	(57)	0	(82)	(139)
Interest payable and similar charges	(40,110)	18,515	0	(21,595)
Net pension interest cost	18,762	0	0	18,762
Gains on disposal of assets	5,292	0	0	5,292
Use of reserves	0	0	(3,591)	(3,591)
Capital grants and contributions	(76,598)	0	0	(76,598)
Total Adjustments	60,646	0	2,359	63,005

Notes -

Presentational adjustments relate primarily to the presentation of interest payments on finance leases (*including PPP schemes*), trading operations and income and expenditure on investment properties for decision making purposes.

NOTES TO THE FINANCIAL STATEMENTS

2. Expenditure and Funding Analysis - Council

2.2 Segmental Analysis of Expenditure and Income included in Expenditure and Funding Analysis

2018/19	Communities and Families		Housing Revenue Account	Health and Social Care
	£000	Place £000	£000	£000
Expenditure				
Employee expenses	309,712	81,762	9,574	88,237
Other service expenses	182,626	189,852	44,496	215,450
Support service recharges	0	0	6,742	0
Interest payments	78	0	18,897	0
Debt repayments (<i>HRA only</i>)	0	0	52,916	0
Total Expenditure	492,416	271,614	132,625	303,687
Income				
Revenues from external customers	(46,125)	(139,043)	(101,630)	(20,924)
Income from recharges for services	(44)	(458)	(150)	0
Government grants and other contribs.	(48,940)	(77,818)	(30,730)	(74,526)
Interest and investment income	0	0	(115)	0
Total Income	(95,109)	(217,319)	(132,625)	(95,450)
Cost of Services	397,307	54,295	0	208,237
	Resources	Chief Executive	Lothian Valuation Joint Board	Council Total
Expenditure	£000	£000	£000	£000
Employee expenses	75,112	7,376	0	571,773
Other service expenses	130,942	3,781	3,575	770,722
Support service recharges	40	0	0	6,782
Interest payments	18,521	0	0	37,496
Debt repayments (<i>HRA only</i>)	0	0	0	52,916
Total Expenditure	224,615	11,157	3,575	1,439,689
Income				
Revenues from external customers	(29,790)	(431)	0	(337,943)
Income from recharges for services	(9,546)	(462)	0	(10,660)
Government grants and other contribs.	(12,697)	(608)	0	(245,319)
Interest and investment income	0	0	0	(115)
Total Income	(52,033)	(1,501)	0	(594,037)
Cost of Services	172,582	9,656	3,575	845,652
		Subsidiaries	Associates and Joint Ventures	Group Total
Expenditure		£000	£000	£000
Employee expenses		102,332	0	674,105
Other service expenses		77,648	0	848,370
Support service recharges		0	0	6,782
Depreciation, amortisation and impairment		19,950	0	19,950
Interest payments		0	0	37,496
Debt repayments (<i>HRA only</i>)		0	0	52,916
Net expend from Associates and Joint Ventures		0	382	382
Total Expenditure		199,930	382	1,640,001
Income				
Revenues from external customers		(191,358)	0	(529,301)
Income from recharges for services		0	0	(10,660)
Government grants and other contribs.		31	0	(245,288)
Interest and investment income		0	0	(115)
Net income from Associates and Joint Ventures		0	(1,608)	(1,608)
Total Income		(191,327)	(1,608)	(786,972)
Cost of Services		8,603	(1,226)	853,029

NOTES TO THE FINANCIAL STATEMENTS

2. Expenditure and Funding Analysis - Council - continued

2.2 Segmental Analysis of Expenditure and Income included in Expenditure and Funding Analysis

	Communities and Families	Place	Housing Revenue Account	Health and Social Care
2017/18 Comparative Data				
Expenditure	£000	£000	£000	£000
Employee expenses	266,856	77,709	8,142	85,796
Other service expenses	110,026	176,912	38,989	195,325
Support service recharges	0	0	7,389	0
Interest payments	91	0	19,628	0
Debt repayments (<i>HRA only</i>)	0	0	37,764	0
Total Expenditure	376,973	254,621	111,912	281,121
Income				
Revenues from external customers	(7,128)	(125,641)	(99,542)	(19,494)
Income from recharges for services	(27)	(419)	(208)	0
Government grants and other contribs.	(26,878)	(58,112)	(12,105)	(68,354)
Interest and investment income	0	0	(57)	0
Total Income	(34,033)	(184,172)	(111,912)	(87,848)
Cost of Services	342,940	70,449	0	193,273
		Chief Executive	Safer and Stronger Communities	Lothian Valuation Joint Board
2017/18 Comparative Data	Resources	£000	£000	£000
Expenditure	£000	£000	£000	£000
Employee expenses	71,834	7,697	19,354	0
Other service expenses	129,339	5,613	62,565	3,741
Support service recharges	63	0	0	0
Interest payments	18,450	0	0	0
Total Expenditure	219,686	13,310	81,919	3,741
Income				
Revenues from external customers	(28,001)	(410)	(38,026)	(112)
Income from recharges for services	(9,236)	(490)	0	0
Government grants and other contribs.	(12,145)	(1,391)	(13,423)	0
Total Income	(49,382)	(2,291)	(51,449)	(112)
Cost of Services	170,304	11,019	30,470	3,629
			Associates and Joint Ventures	Group Total
2017/18 Comparative Data	Council Total	Subsidiaries	£000	£000
Expenditure	£000	£000	£000	£000
Employee expenses	537,388	98,306	0	635,694
Other service expenses	722,510	61,143	0	783,653
Support service recharges	7,452	0	0	7,452
Depreciation, amortisation and impairment	0	10,143	0	10,143
Interest payments	38,169	0	0	38,169
Debt repayments (<i>HRA only</i>)	37,764	0	0	37,764
Net expend from Associates and Joint Ventures	0	0	5,790	5,790
Total Expenditure	1,343,283	169,592	5,790	1,518,665
Income				
Revenues from external customers	(318,354)	(146,468)	0	(464,822)
Income from recharges for services	(10,380)	0	0	(10,380)
Government grants and other contribs.	(192,408)	(30,969)	0	(223,377)
Interest and investment income	(57)	0	0	(57)
Net income from Associates and Joint Ventures	0	0	(2,451)	(2,451)
Total Income	(521,199)	(177,437)	(2,451)	(701,087)
Cost of Services	822,084	(7,845)	3,339	817,578

NOTES TO THE FINANCIAL STATEMENTS

3. Expenditure and Income Analysed by Nature Group

3.1 The authority's expenditure and income, as set out within the Comprehensive Income and Expenditure Statement is analysed as follows;

	2018/19	2017/18
	£000	£000
Expenditure		
Employee expenses	721,596	681,538
Other service expenses	1,215,574	1,143,754
Support service recharges	6,782	7,452
Depreciation, amortisation and impairment	237,341	200,477
Interest payments	180,909	192,026
Net Interest in the profit/loss of associates and joint ventures	(1,226)	3,339
Total Expenditure	<u>2,360,975</u>	<u>2,228,586</u>
Income		
Fees, charges and other service income	(901,056)	(903,257)
(Gain) / Loss on the disposal of assets	(5,888)	5,263
Interest and investment income	(101,824)	(98,087)
Income from Council Tax and Non-Domestic Rates	(599,909)	(604,311)
Government grants and other contributions	(589,077)	(493,862)
Recognised capital income	(100,123)	(76,598)
Total Income	<u>(2,297,877)</u>	<u>(2,170,852)</u>
Group (Surplus) / Deficit	<u>63,099</u>	<u>57,734</u>

Council

3.2 The authority's expenditure and income, as set out within the Comprehensive Income and Expenditure Statement is analysed as follows

	2018/19	2017/18
	£000	£000
Expenditure		
Employee expenses	619,264	583,232
Other service expenses	1,138,006	1,080,586
Support service recharges	6,782	7,452
Depreciation, amortisation and impairment	217,391	190,334
Interest payments	169,280	178,891
Total Expenditure	<u>2,150,723</u>	<u>2,040,495</u>
Income		
Fees, charges and other service income	(709,698)	(696,318)
(Gain) / Loss on the disposal of assets	(6,001)	5,292
Interest and investment income	(88,493)	(84,606)
Income from Council Tax and Non-Domestic Rates	(599,909)	(604,311)
Government grants and other contributions	(589,108)	(523,365)
Recognised capital income	(100,123)	(76,598)
Total Income	<u>(2,093,332)</u>	<u>(1,979,906)</u>
(Surplus) / Deficit on the Provision of Services	<u>57,391</u>	<u>60,589</u>

NOTES TO THE FINANCIAL STATEMENTS

4. 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 2019/20 Code:

The Code requires implementation from 1 April 2019 and there is therefore no impact on the 2018/19 financial statements.

- Amendments to IAS 40 Investment Property: Transfers to Investment Property
- Annual Improvements to IFRS Standards 2014-2016 Cycle
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IAS 9 Financial Instruments
- IFRS 16 Leases

5. Judgements Made in Applying Accounting Policies

In applying the accounting policies set out in Note 1 and elsewhere in the accounts to the Financial Statements, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The most significant judgements made in these Financial Statements are detailed below:

5.1 Provision of School Buildings

The Council is deemed to control the services provided under the Public Private Partnership agreements (PPP1 and PPP2) and the Design, Build, Finance and Maintain (DBFM) for James Gillespie's High School, for the provision of school buildings, maintenance and other facilities with Edinburgh Schools Partnership (PPP1), Axiom Education Limited (PPP2) and Hub South East Scotland (JGHS).

The accounting policies for public private partnerships have been applied to these arrangements and the schools (valued at net book value of £511.628m at 31 March 2019) are recognised as Property, Plant and Equipment on the Council's Balance Sheet.

5.2 Group Membership

The Council has an interest in a number of subsidiary and associate companies and trusts. Full details of these interests are shown in note 9 to the Financial Statements. The most significant of these companies in terms of the size of trading operations and other factors are included in the Group Accounts.

6. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Financial Statements contain estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

NOTES TO THE FINANCIAL STATEMENTS

6. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The following table details uncertainties on assumptions and estimates, and outlines the potential effect if actual results differ from the assumptions made.

Item	Uncertainty	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. A reduction in spending on repairs and maintenance would bring into doubt the useful lives assigned to the assets. Council dwellings are valued using the Beacon Method which aggregates the vacant possession values of each unit of housing stock. The beacon discount factor is determined by applying a capitalisation yield to the gross rental income and comparing this to the aggregate value. This methodology takes account of regional variations in capital values, stock condition, rent arrears and voids. The discount factor applied in the 2018-19 revaluations is 38% (48% previously).	If the useful life of assets is reduced, depreciation increases and the carrying value of the assets falls.
		It is estimated that the annual depreciation charge would increase and the carrying value would fall by £21.470m for each year that useful lives were reduced.
		If the discount factor is increased by 1%, this would lead to a corresponding reduction in the total value of council dwellings of £23.891m.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. Note 41.6 provides further information on the Council's pension liability.
Arrears	At 31 March, the Council had a balance of sundry debtors of £26.542m. A review of significant balances suggested that an impairment of doubtful debts of £3.215m (12.1%) was appropriate. In the current economic climate it is not certain that this will be sufficient.	If collection rates were to deteriorate, a 5% increase in the rate of the impairment of doubtful debts would require an additional £1.327m to be set aside as an allowance.
House Rent Arrears	At 31 March, the Council had a balance of housing rent arrears of £6.907m. A review of significant balances suggested that an impairment of doubtful debts of £5.773m (83.6%) was appropriate. In the current economic climate it is not certain that this will be sufficient.	There is a relatively high level of arrears and the impairment set aside should help protect against potential loss of income to the Council arising from welfare reforms such as Universal Credit and the reduction in the benefits cap announced in the UK Government's budget, which will potentially impact on the level of rent arrears.

This list does not include assets and liabilities that are carried at fair value based on recently observed market prices.

NOTES TO THE FINANCIAL STATEMENTS

7. Material Items of Income and Expense

The Council set aside a net increase in provisions of £8.4m, the most significant changes being a £12m increase relating to contractual obligations and claims identified during the year offset by use of provisions and reductions in expected claims in others.

8. Events After the Balance Sheet Date

Although the Council approved the Tram extension project on 14 March 2019, the contracts for the commencement of works were not signed as at 31 March 2019. The budgeted capital commitment for the initial groundwork contracts is £127m.

9. Subsidiaries and Associates

The Council holds shares in various trading companies, either as a controlling or minority shareholder.

The Council is also represented on the Boards of various companies that are limited by guarantee and have no share capital. It participates in these companies by means of Board membership and the provision of funding and management support.

The following entities have a significant impact on the Council's operations and have been consolidated into the Group Accounts:

Subsidiaries:	Shareholding	
• CEC Holdings Limited	100.00%	
• Transport for Edinburgh Limited	100.00%	
Associates:		
• Edinburgh Leisure	33.33%	Board representation
• Capital Theatres	33.33%	Board representation
• Lothian Valuation Joint Board	61.14%	Funding percentage
• Common Good	100.00%	
Joint Venture	Interest	
• Edinburgh Integration Joint Board	50.00%	Board representation

The following companies are not consolidated into the Group Accounts. An assessment has been carried out on these companies, their activities and the level of Council control. These companies are not considered to be a material part of the Group and have therefore been excluded from the Group Accounts:

	Shareholding	
• Capital City Partnership Limited	100.00%	
• CEC Recovery Limited (formerly tie Limited)	100.00%	
• Marketing Edinburgh Limited	100.00%	
• Energy for Edinburgh Limited	100.00%	
• Edinburgh Living MMR LLP	> 75% controlling interest	(dormant to 31.12.18)
• Edinburgh Living MR LLP	> 75% controlling interest	(dormant to 31.12.18)
• Telford NHT LLP	> 75% controlling interest	

In January 2019 the Council bought out the developer's share in Telford NHT LLP and now holds majority control of this associate, in conjunction with the Scottish Futures Trust.

LFPE Limited and LPFI Limited are now consolidated in the annual accounts of Lothian Pension Fund.

Unless otherwise stated, the accounts of these bodies may be obtained on application to the Corporate Finance Senior Manager, Waverley Court, 4 East Market Street, Edinburgh EH8 8BG.

NOTES TO THE FINANCIAL STATEMENTS

9. Subsidiaries and Associates - continued

9.1 Subsidiary Companies

- **CEC Holdings Limited**

The principal activities of the company are property development and the operation of an international conference centre. The company is wholly owned by the City of Edinburgh Council.

The most recent unaudited results of the company are as follows:	31.12.18	31.12.17
	£000	£000
Net assets	17,539	17,263
Net (profit) / loss before taxation	112	3,648
Retained profit / (loss) carried forward	(51,658)	(51,338)

The Council inherited its interest in CEC Holdings Limited following the local government reorganisation in 1996. It is considered that this was on an acquisition basis, however, as no consideration was given for these interests, there was no goodwill involved in these transactions.

- **Transport for Edinburgh Limited**

The principal activities of the company are as a holding company for the City of Edinburgh Council's interest in public transport companies; Lothian Buses Limited and Edinburgh Trams Limited. The company is wholly owned by the City of Edinburgh Council.

The Council's major shareholding in Lothian Buses of 5,824,139 (91.01%) £1 ordinary shares (fully paid) was transferred to Transport for Edinburgh Limited in 2014.

The Council inherited its interest in Lothian Buses Limited, following the reorganisation of local government in 1996. It is considered that this was on an acquisition basis, however, as no consideration was given for these interests, there was no goodwill involved in these transactions.

Edinburgh Trams Limited commenced a fare paying revenue service on 31 May 2014.

The most recent unaudited results of the company are as follows:

	31.12.18	31.12.17
	£000	£000
Transport for Edinburgh Limited (Consolidated Group)		
Net assets	148,768	154,951
Net (profit) / loss before taxation	6,920	(11,948)
Retained earnings	58,789	63,923
Dividend paid	6,180	6,610

A copy of the latest accounts can be obtained by writing to the Finance Director, Lothian Buses Limited, Annandale Street, Edinburgh, EH7 4AZ.

9.2 Associates

- **Edinburgh Leisure**

This is a non-profit-distributing company limited by guarantee and registered as a Charity. Each member has undertaken to contribute an amount not exceeding £1 towards any deficit arising in the event of the company being wound up.

The principal activity of the company is the provision of recreation and leisure facilities.

The City of Edinburgh Council is represented on the company's Board of Directors and contributes a substantial sum to the company towards the cost of operating sport and leisure facilities.

The City of Edinburgh Council leases its sport and leisure centres to the company.

The most recent audited results of the company are as follows:	31.03.19	31.03.18
	£000	£000
Net assets / (liabilities)	2,192	209
Net operating (profit) / loss	(1,983)	683
Earnings / (Losses) carried forward	2,192	209

Although Edinburgh Leisure is included in the Group Accounts, as the nature of its activities is a core part of Council policy, the Council has no legal interest in the assets or liabilities of the company.

NOTES TO THE FINANCIAL STATEMENTS

9. Subsidiaries and Associates - continued

9.2 Associates - continued

- **Capital Theatres (formerly Festival City Theatres Trust)**

This is a non-profit-distributing company limited by guarantee and registered as a Charity.

The City of Edinburgh Council is represented on the trust's board of directors and gives substantial financial assistance. The City of Edinburgh Council leases the King's Theatre and the Festival Theatre to the trust.

The most recent audited results of the company are as follows:	31.03.19	31.03.18
	£000	£000
Net assets	4,877	3,920
Net operational (profit) / loss	(828)	(360)
Fund balances carried forward	4,748	3,920

Although Capital Theatres is included in the Group Accounts, due to its activities being a core part of the Council's policy, the Council has no legal interest in the assets or liabilities of the company.

- **Lothian Valuation Joint Board**

The Lothian Valuation Joint Board provides Valuation Appeals, Lands Valuation, Electoral Registration and Council Tax Valuation Services.

The Board comprises 16 members of whom nine are elected by the City of Edinburgh, three by West Lothian and two each by East and Midlothian Councils. Costs incurred by the Lothian Valuation Joint Board are apportioned in accordance with the non-domestic rateable subjects and dwellings valued for Council Tax within the areas of each constituent authority.

	31.03.19	31.03.18
	£000	£000
Deficit for the year	534	1,121
Net Liabilities	(6,563)	(4,769)
Usable reserves	897	798
Unusable reserves	(7,460)	(5,567)
Total reserves	<u>(6,563)</u>	<u>(4,769)</u>

9.3 Joint Ventures

- **Edinburgh Integration Joint Board**

The Edinburgh Integration Joint Board (EIJB) was established by order of Scottish Ministers on 27 June 2015 under the Public Bodies (Joint Working) (Scotland) Act 2014.

The Board comprises 10 voting members, made up of five elected members appointed by the City of Edinburgh Council and five NHS non-executive directors appointed by NHS Lothian, along with a number of non voting members.

The expenditure incurred by the EIJB is covered in full by income received from the partner bodies, NHS Lothian and the City of Edinburgh Council. EIJB will therefore commission services from the parent bodies based on the approved strategic plan.

The most recent unaudited results of the company are as follows:	31.03.19	31.03.18
	£000	£000
Gross expenditure	726,394	704,815
Surplus for the year	(1,342)	(4,662)
Usable reserves	9,694	8,352

NOTES TO THE FINANCIAL STATEMENTS

9.4 Audit Opinions noted on the Accounts of the Companies

Unless otherwise indicated, the companies' accounts are audited.

9.5 Shareholder Support to Council Companies

A number of companies within the group are currently dependent on the continued financial support of the Council. The companies are EICC Limited, a subsidiary of CEC Holdings Limited - (the Council owns 100% of the shares in CEC Holdings Limited), Capital Theatres (formerly Festival City Theatres Trust) and Edinburgh Leisure.

9.6 Financial Impact of Consolidation

The effect of inclusion of subsidiaries and associates on the Group Balance Sheet is to increase both reserves and net assets by £198.152m (2017/18 £202.196m) representing the Council's share of the realisable surpluses or deficits in these companies.

10. Contingent Liabilities

Contingent Assets and Liabilities are not recognised in the accounting statements. Where there is probable inflow or outflow of economic benefits or service potential, these are disclosed in the notes to the financial statements.

There may be outstanding liability claims or claims to be submitted against the Council in relation to insured and uninsured losses or incidents. The actual cost and timing of any claims cannot be estimated with reasonable accuracy and consequently no specific provision has been made in the financial statements in respect of any such claims.

The Scottish Child Abuse Inquiry was set up in October 2015 to examine the abuse of children in care from the 1930s to the present day and has identified a number of care institutions it wishes to investigate, including four council establishments - Howdenhall Centre, St Katherine's and two children's homes that closed in the 1980s. The Council has set up a project team to support the inquiry, review historic records and ensure that the evidence required by the Inquiry can be provided. There is a possibility that these investigations may give rise to significant claims against local authorities in Scotland, including the Council.

The Council is assessing the potential impacts of recent rulings, including the McCloud judgement and Guaranteed Minimum Pension.

NOTES TO THE FINANCIAL STATEMENTS

11. Adjustments Between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

2018/19	Usable Reserves		
	General Fund Balance £000	Housing Revenue Account Balance £000	Capital Receipts Reserve £000
Adjustments primarily involving the Capital Adjustment Account			
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)			
Charges for depreciation and impairment of non-current assets	194,704	21,446	0
Movements in the market value of investment properties	(965)	(60)	0
Amortisation and impairment of intangible assets	1,240	0	0
Capital grants and contributions applied	(75,334)	(24,789)	0
Capital funded from revenue	(6,088)	(32,800)	0
Revenue expenditure funded from capital under statute	59,774	0	0
Insertion of items not debited or credited to the CIES			
Statutory provision for the financing of capital investment	(68,091)	(20,115)	0
Capital expenditure charged against General Fund and HRA balances	(59,774)	0	0
Adjustments primarily involving the Capital Grant Unapplied Account			
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0
Adjustments primarily involving the Capital Receipts Reserve			
Net (gain) / loss on sale of property, plant and equipment and assets held for sale	(3,619)	(2,382)	25,953
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	(25,953)
Adjustments primarily involving the Financial Instruments Adjustment Account			
Amount by which finance costs charged are different from finance costs chargeable in the year in accordance with statutory requirements	(1,334)	(567)	0
Adjustments primarily involving the Pensions Reserve			
Reversal of items relating to retirement benefits debited or credited to the CIES	114,174	2,711	0
Employer's pension contributions and direct payments to pensioners payable in the year	(63,886)	(1,502)	0
Adjustments primarily involving the Employee Statutory Adjustment Account			
Amount by which officer remuneration charges to the CIES are different from remuneration chargeable in the year in accordance with statutory requirements	1,253	44	0
Total Adjustments	92,054	(58,014)	0

NOTES TO THE FINANCIAL STATEMENTS

11. Adjustments Between Accounting Basis and Funding Basis Under Regulations - continued

2018/19	Usable Reserves		Movement in Unusable Reserves £000
	Capital Grants Unapplied Account £000	Capital Fund £000	
Adjustments primarily involving the Capital Adjustment Account			
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)			
Charges for depreciation and impairment of non-current assets	0	0	(216,150)
Movements in the market value of investment properties	0	0	1,025
Amortisation of intangible assets	0	0	(1,240)
Capital grants and contributions applied	12,339	0	87,784
Capital funded from revenue	0	0	38,888
Revenue expenditure funded from capital under statute	0	0	(59,774)
Insertion of items not debited or credited to the CIES	0	0	0
Statutory provision for the financing of capital investment	0	(265)	88,471
Capital expenditure charged against General Fund and HRA balances	0	0	59,774
Adjustments primarily involving the Capital Grant Unapplied Account			
Application of grants to capital financing transferred to the Capital Adjustment Account	(1,351)	0	1,351
Adjustments primarily involving the Capital Receipts Reserve			
Net gain / (loss) on sale of property, plant and equipment and assets held for sale	0	0	(19,952)
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	25,953
Adjustments primarily involving the Financial Instruments Adjustment Account			
Amount by which finance costs charged are different from finance costs chargeable in the year in accordance with statutory requirements	0	0	1,901
Adjustments primarily involving the Pensions Reserve			
Reversal of items relating to retirement benefits debited or credited to the CIES	0	0	(116,885)
Employer's pension contributions and direct payments to pensioners payable in the year	0	0	65,388
Adjustments primarily involving the Employee Statutory Adjustment Account			
Amount by which officer remuneration charges to the CIES are different from remuneration chargeable in the year in accordance with statutory requirements	0	0	(1,297)
Total Adjustments	10,988	(265)	(44,763)

NOTES TO THE FINANCIAL STATEMENTS

11. Adjustments Between Accounting Basis and Funding Basis Under Regulations - continued

2017/18 Comparative Data	Usable Reserves		
	General Fund Balance £000	Housing Revenue Account Balance £000	Capital Receipts Reserve £000
Adjustments primarily involving the Capital Adjustment Account			
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)			
Charges for depreciation and impairment of non-current assets	167,712	21,356	0
Movements in the market value of investment properties	1,420	0	0
Amortisation of intangible assets	1,267	0	0
Capital grants and contributions applied	(65,319)	(11,280)	0
Capital funded from revenue	(2,726)	(19,474)	0
Revenue expenditure funded from capital under statute	44,411	0	0
Insertion of items not debited or credited to the CIES			
Statutory provision for the financing of capital investment	(63,110)	(18,290)	0
Capital expenditure charged against General Fund and HRA balances	(44,411)	0	0
Adjustments primarily involving the Capital Grant Unapplied Account			
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0
Adjustments primarily involving the Capital Receipts Reserve			
Net loss / (gain) on sale of property, plant and equipment and assets held for sale	1,825	3,467	21,879
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	(21,879)
Adjustments primarily involving the Financial Instruments Adjustment Account			
Amount by which finance costs charged are different from finance costs chargeable in the year in accordance with statutory requirements	(1,393)	(536)	0
Adjustments primarily involving the Pensions Reserve			
Reversal of items relating to retirement benefits debited or credited to the CIES	108,133	2,377	0
Employer's pension contributions and direct payments to pensioners payable in the year	(58,864)	(1,128)	0
Adjustments primarily involving the Employee Statutory Adjustment Account			
Amount by which officer remuneration charges to the CIES are different from remuneration chargeable in the year in accordance with statutory requirements	643	(3)	0
Total Adjustments	89,588	(23,511)	0

NOTES TO THE FINANCIAL STATEMENTS

11. Adjustments Between Accounting Basis and Funding Basis Under Regulations - continued

2017/18 Comparative Data	Usable Reserves		Movement in Unusable Reserves £000
	Capital Grants Unapplied Account £000	Capital Fund £000	
Adjustments primarily involving the Capital Adjustment Account			
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)			
Charges for depreciation and impairment of non-current assets	0	0	(189,068)
Movements in the market value of investment properties	0	0	(1,420)
Amortisation of intangible assets	0	0	(1,267)
Capital grants and contributions applied	4,051	0	72,548
Capital funded from revenue	0	0	22,200
Revenue expenditure funded from capital under statute	0	0	(44,411)
Insertion of items not debited or credited to the CIES			
Statutory provision for the financing of capital investment	0	2,379	79,021
Capital expenditure charged against General Fund and HRA balances	0	0	44,411
Adjustments primarily involving the Capital Grant Unapplied Account			
Application of grants to capital financing transferred to the Capital Adjustment Account	(21)	0	21
Adjustments primarily involving the Capital Receipts Reserve			
Net (loss) / gain on sale of property, plant and equipment and assets held for sale	0	0	(27,171)
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	21,879
Adjustments primarily involving the Financial Instruments Adjustment Account			
Amount by which finance costs charged are different from finance costs chargeable in the year in accordance with statutory requirements	0	0	1,929
Adjustments primarily involving the Pensions Reserve			
Reversal of items relating to retirement benefits debited or credited to the CIES	0	0	(110,510)
Employer's pension contributions and direct payments to pensioners payable in the year	0	0	59,992
Adjustments primarily involving the Employee Statutory Adjustment Account			
Amount by which officer remuneration charges to the CIES are different from remuneration chargeable in the year in accordance with statutory requirements	0	0	(640)
Total Adjustments	4,030	2,379	(72,486)

NOTES TO THE FINANCIAL STATEMENTS

12. Usable Reserves

12.1 Transfers to and from Usable Reserves

This note sets out the amounts set aside in the Group's and the Council's usable reserves and the amounts posted back from these reserves to meet expenditure during the year.

	Balance at 01.04.18 £000	Net Transfers Out 2018/19 £000	Net Transfers In 2018/19 £000	Balance at 31.03.19 £000
Group Reserves				
Subsidiaries				
CEC Holdings Limited				
Revenue reserves	(51,338)	(320)	0	(51,658)
Capital grants unapplied account	1,803	(282)	0	1,521
Transport for Edinburgh Limited				
Revenue reserves	123,852	(5,134)	0	118,718
Total Usable Reserves - Subsidiaries	74,317	(5,736)	0	68,581
Associates and Joint Ventures				
Common Good Fund - Reserves	2,387	(35)	0	2,352
Edinburgh Leisure - Reserves	69	0	662	731
International Conference Centre Trusts				
Income Trust	1	(1)	0	0
Expenditure Trust	20	(20)	0	0
Capital Theatres - Reserves	1,307	0	319	1,626
Lothian Valuation Joint Board - Reserves	488	0	60	548
Edinburgh Integration Joint Board - Reserves	4,176	0	671	4,847
Total Usable Reserves - Associates and Joint Ventures	8,448	(56)	1,712	10,104
Total Usable Reserves - Subsidiaries, Associates and Joint Ventures	82,765	(5,792)	1,712	78,685

NOTES TO THE FINANCIAL STATEMENTS

12. Usable Reserves - continued

12.1 Transfers to and from Usable Reserves - continued

	Balance at 01.04.17 £000	Net Transfers Out 2017/18 £000	Net Transfers In 2017/18 £000	Balance at 31.03.18 £000
Group Reserves				
Subsidiaries				
CEC Holdings Limited				
Revenue reserves	(51,410)	0	72	(51,338)
Capital grants unapplied account	2,262	(459)	0	1,803
Transport for Edinburgh				
Revenue reserves	69,708	0	54,144	123,852
Total Usable Reserves - Subsidiaries	20,560	(459)	54,216	74,317
Associates and Joint Ventures				
Common Good Fund - Reserves				
	2,402	(15)	0	2,387
Edinburgh Leisure - Reserves				
	(2,879)	0	2,948	69
International Conference Centre Trusts				
Income Trust	810	(809)	0	1
Expenditure Trust	4,072	(4,052)	0	20
Capital Theatres - Reserves				
	1,087	0	220	1,307
Lothian Valuation Joint Board - Reserves				
	619	(131)	0	488
Edinburgh Integration Joint Board - Reserves				
	1,845	0	2,331	4,176
Total Usable Reserves - Associates and Joint Ventures	7,956	(5,007)	5,499	8,448
Total Usable Reserves - Subsidiaries, Associates and Joint Ventures	28,516	(5,466)	59,715	82,765

NOTES TO THE FINANCIAL STATEMENTS

12. Usable Reserves - continued

12.1 Transfers to and from Usable Reserves - continued

	Balance at 01.04.18 £000	Transfers Out 2018/19 £000	Transfers In 2018/19 £000	Balance at 31.03.19 £000
Council's Usable Reserves				
General Fund				
Balances Set Aside to Manage Financial Risks and for Specific Investment				
Balances set aside for specific inv.	40,649	(13,147)	14,794	42,296
Council Priorities Fund	7,691	(2,852)	1,786	6,625
Contingency funding, workforce mgmt.	18,143	0	51	18,194
Dilapidations Fund	5,077	(356)	1,000	5,721
Insurance Funds	15,875	(83)	3,793	19,585
	<u>87,435</u>	<u>(16,438)</u>	<u>21,424</u>	<u>92,421</u>
Balances Set Aside from Income Received in Advance				
Licensing and Registration Income	3,080	(855)	359	2,584
Recycling balances	697	(697)	0	0
Revenue grants and contributions received in advance of planned expenditure	4,830	(1,620)	2,184	5,394
Council Tax Discount Fund	27,432	(12,346)	3,545	18,631
Other earmarked balances	218	(16)	1	203
City Strategic Investment Fund	5,461	(2,054)	145	3,552
	<u>41,718</u>	<u>(17,588)</u>	<u>6,234</u>	<u>30,364</u>
Balances Set Aside for Investment in Specific Projects which will Generate Future Savings				
Energy Efficiency Fund	178	0	66	244
Spend to Save Fund and similar projects	3,171	(716)	263	2,718
	<u>3,349</u>	<u>(716)</u>	<u>329</u>	<u>2,962</u>
Balances Set Aside under Devolved School Management Scheme and Pupil Equity Fund				
Balances held by schools under Devolved School Management (DSM) and Pupil Equity Fund (PEF)	5,758	(5,758)	6,073	6,073
Surplus on Housing Revenue Account transferred to Renewal and Repairs Fund	0	0	0	0
Unallocated General Fund	<u>13,025</u>	<u>0</u>	<u>0</u>	<u>13,025</u>
Total General Fund	<u>151,285</u>	<u>(40,500)</u>	<u>34,060</u>	<u>144,845</u>
Housing Revenue Account Balance	0	0	0	0
Renewal and Repairs Fund	58,123	(35,273)	3,496	26,346
Capital Fund	63,558	(8,892)	1,242	55,908
Capital Receipts Reserve	0	(25,953)	25,953	0
Capital Grants Unapplied Account	4,796	(1,351)	12,339	15,784
Total Usable Reserves - Council	<u>277,762</u>	<u>(111,969)</u>	<u>77,090</u>	<u>242,883</u>
Total Usable Reserves - Group	<u>360,527</u>	<u>(117,761)</u>	<u>78,802</u>	<u>321,568</u>

NOTES TO THE FINANCIAL STATEMENTS

12. Usable Reserves - continued

12.1 Transfers to and from Usable Reserves - continued

	Balance at 01.04.17 £000	Transfers Out 2017/18 £000	Transfers In 2017/18 £000	Balance at 31.03.18 £000
General Fund				
Balances Set Aside to Manage Financial Risks and for Specific Investment				
Balances set aside for specific inv.	25,659	(8,813)	23,803	40,649
Council Priorities Fund	4,886	(1,312)	4,117	7,691
Contingency funding, workforce mgmt.	18,094	0	49	18,143
Dilapidations Fund	12,344	(9,267)	2,000	5,077
Insurance Funds	14,666	(17)	1,226	15,875
	<u>75,649</u>	<u>(19,409)</u>	<u>31,195</u>	<u>87,435</u>
Balances Set Aside from Income Received in Advance				
Licensing Income	3,093	(272)	259	3,080
Recycling balances	1,161	(464)	0	697
Revenue grants and contributions received in advance of planned expend.	8,885	(6,309)	2,254	4,830
Council Tax Discount Fund	24,234	0	3,198	27,432
Other earmarked balances	236	(18)	0	218
City Strategic Investment Fund	6,180	(768)	49	5,461
	<u>43,789</u>	<u>(7,831)</u>	<u>5,760</u>	<u>41,718</u>
Balances Set Aside for Investment in Specific Projects which will Generate Future Savings				
Energy Efficiency Fund	98	0	80	178
Spend to Save Fund and similar projects	7,362	(4,418)	227	3,171
	<u>7,460</u>	<u>(4,418)</u>	<u>307</u>	<u>3,349</u>
Balances Set Aside under Devolved School Management Scheme				
Balances held by schools under Devolved School Management (DSM) and Pupil Equity Fund (PEF)	2,688	(2,688)	5,758	5,758
	<u>2,688</u>	<u>(2,688)</u>	<u>5,758</u>	<u>5,758</u>
Surplus on Housing Revenue Account transferred to Renewal and Repairs Fund				
	0	(432)	432	0
Unallocated General Fund				
	13,025	0	0	13,025
Total General Fund				
	<u>142,611</u>	<u>(34,778)</u>	<u>43,452</u>	<u>151,285</u>
Housing Revenue Account Balance				
	0	(432)	432	0
Renewal and Repairs Fund				
	64,149	(9,474)	3,448	58,123
Capital Fund				
	61,178	(2,513)	4,893	63,558
Capital Receipts Reserve				
	0	(21,879)	21,879	0
Capital Grants Unapplied Account				
	766	(21)	4,051	4,796
Total Usable Reserves - Council				
	<u>268,704</u>	<u>(69,097)</u>	<u>78,155</u>	<u>277,762</u>
Total Usable Reserves - Group				
	<u>297,220</u>	<u>(74,563)</u>	<u>137,870</u>	<u>360,527</u>

NOTES TO THE FINANCIAL STATEMENTS

12. Usable Reserves - continued

12.2 Devolved School Management and Pupil Equity Funding

A net credit balance of £6.073m (2017/18 £5.758m) is held within the General Fund in accordance with the Devolved School Management scheme and permitted carry forward of the newly resourced Pupil Equity Fund.

12.3 Reconciliation of transfers to and from earmarked reserves in Movement of Reserves Statement to Transfers to and from Usable Reserves

2018/19

	General Fund £000	HRA Balance £000	Renewal / Repairs Fund £000	Capital Receipts Reserve £000
Transfers out	(40,500)	0	(35,273)	(25,953)
Transfers in	34,060	0	3,496	25,953
Total movements in fund	<u>(6,440)</u>	<u>0</u>	<u>(31,777)</u>	<u>0</u>
Recognised in Comprehensive Income and Expenditure Statement	2,692	(26,043)	(14,866)	0
Transfers to other earmarked reserves	<u>(9,132)</u>	<u>26,043</u>	<u>(16,911)</u>	<u>0</u>
Total movements in fund	<u>(6,440)</u>	<u>0</u>	<u>(31,777)</u>	<u>0</u>
	Capital Grants Unapplied £000	Capital Fund £000	Group Usable Reserves £000	Total £000
Transfers out	(1,351)	(8,892)	(5,792)	(117,761)
Transfers in	12,339	1,242	1,712	78,802
Total movements in fund	<u>10,988</u>	<u>(7,650)</u>	<u>(4,080)</u>	<u>(38,959)</u>
Recognised in Comprehensive Income and Expenditure Statement	10,988	(7,650)	(4,044)	(38,923)
Transfers to other earmarked reserves	<u>0</u>	<u>0</u>	<u>(36)</u>	<u>(36)</u>
Total movements in fund	<u>10,988</u>	<u>(7,650)</u>	<u>(4,080)</u>	<u>(38,959)</u>

2017/18 Comparative Data

	General Fund £000	HRA Balance £000	Renewal / Repairs Fund £000	Capital Receipts Reserve £000
Transfers out	(34,778)	(432)	(9,474)	(21,879)
Transfers in	43,452	432	3,448	21,879
Total movements in fund	<u>8,674</u>	<u>0</u>	<u>(6,026)</u>	<u>0</u>
Recognised in Comprehensive Income and Expenditure Statement	14,530	(9,042)	0	0
Transfers to other earmarked reserves	<u>(5,856)</u>	<u>9,042</u>	<u>(6,026)</u>	<u>0</u>
Total movements in fund	<u>8,674</u>	<u>0</u>	<u>(6,026)</u>	<u>0</u>

NOTES TO THE FINANCIAL STATEMENTS

12. Usable Reserves - continued

12.3 Reconciliation of transfers to and from earmarked reserves in Movement of Reserves Statement to Transfers to and from Usable Reserves - continued

2017/18 Comparative Data	Capital Grants Unapplied £000	Capital Fund £000	Group Usable Reserves £000	Total £000
Transfers out	(21)	(2,513)	(5,466)	(74,563)
Transfers in	4,051	4,893	59,715	137,870
Total movements in fund	<u>4,030</u>	<u>2,380</u>	<u>54,249</u>	<u>63,307</u>
Recognised in Comprehensive Income and Expenditure Statement	4,030	2,380	57,280	69,178
Transfers to other earmarked reserves	0	0	(3,031)	(5,871)
Total movements in fund	<u>4,030</u>	<u>2,380</u>	<u>54,249</u>	<u>63,307</u>

13. Financing and Investment Income and Expenditure

	2018/19		2017/18	
	Group £000	Council £000	Group £000	Council £000
Interest payable and similar charges	82,444	82,435	89,236	88,950
Interest cost on defined benefit obligation	98,465	86,845	102,790	89,941
Interest receivable and similar income	(12,198)	(12,406)	(10,504)	(10,413)
Interest income on plan assets	(86,361)	(73,318)	(84,563)	(71,179)
Net income in relation to investment properties and changes in their fair value	(2,923)	(2,923)	(3,094)	(3,014)
Net (surplus) / deficit from trading activities	<u>(460)</u>	<u>36</u>	<u>36</u>	<u>42</u>
	<u>78,967</u>	<u>80,669</u>	<u>93,901</u>	<u>94,327</u>

14. Taxation and Non-Specific Grant Income

	2018/19		2017/18	
	Group £000	Council £000	Group £000	Council £000
Council Tax income	(259,435)	(259,435)	(249,248)	(249,248)
Non-domestic rates	(340,474)	(340,474)	(355,063)	(355,063)
Non-ring fenced government grants	(363,757)	(363,757)	(345,757)	(345,757)
Capital grants and contributions	(100,123)	(100,123)	(76,598)	(76,598)
Taxation expenses	<u>(80)</u>	<u>0</u>	<u>2,106</u>	<u>0</u>
	<u>(1,063,869)</u>	<u>(1,063,789)</u>	<u>(1,024,560)</u>	<u>(1,026,666)</u>

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment

15.1 Depreciation

Depreciation is provided in the year of an asset's purchase. Assets in the course of construction are not depreciated until they are brought into use. Where depreciation is provided for, assets are depreciated using the straight line method over the following periods:

Council dwellings	50 years
Buildings	50 years (assets not subject to component accounting)
Buildings - structural	50 years
Buildings - non-traditional roofing	35 years
Buildings - finishes	25 years
Buildings - mechanical and electrical	20 years
Buildings - fittings and furnishings	15 years
PPP Schools	40 years (PPP1 schools) and 35 years (PPP2 schools)
Infrastructure assets	20 years
Vehicles, plant, furniture and equipment	5 years to 30 years, to reflect estimated useful life 3 years to 15 years, Group Companies

15.2 Capital Commitments

At 31 March 2019, the Council had entered into a number of contracts for the construction or enhancement of property, plant and equipment. These are budgeted to cost £295.064m. A number of these amounts relate to contract retentions, as projects are now complete. Similar commitments at 31 March 2018 were £256.725m.

	£000	Expected Completion Date
Queensferry High School	19,900	Mar-20
Craigmillar Town Centre	14,500	Apr-20
Zero Waste Fund	29,520	May-20
St James Quarter - Growth Accelerator Model	61,400	Sep-20
North Bridge refurbishment	17,300	Dec-20
Energy efficient street lighting project	18,850	May-21
Meadowbank Sports Centre	36,894	Dec-21
Housing projects	30,748	2019-2020
Other works	3,702	2019-2021
Roads and transport infrastructure	10,859	2019-2021
School estates extensions, upgrades and builds	18,741	2019-2021
Pennywell Town Centre and phase 3	32,650	2021-2023
	295,064	

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment - continued

15.3 Movements on Balances - Group Movements in 2018/19

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Infrastructure Assets £000
Cost or Valuation				
At 1 April 2018	1,100,998	2,075,364	323,984	1,431,378
Additions	30,349	40,233	23,106	34,073
Revaluation increases / (decreases) recognised in the Revaluation Reserve	336,226	87,148	(124)	0
Revaluation decreases recognised in the Surplus on the Provision of Services	(217)	(49,515)	(2,382)	0
Derecognition - disposals	(1,842)	(799)	(10,091)	0
Derecognition - other	0	0	(2,384)	0
Assets reclassified (to) / from held for sale	0	(6,016)	0	0
Other movements in cost or valuation	18,993	13,078	0	0
At 31 March 2019	<u>1,484,507</u>	<u>2,159,493</u>	<u>332,109</u>	<u>1,465,451</u>
Accumulated Depreciation and Impairment				
At 1 April 2018	(71,600)	(108,452)	(142,816)	(633,143)
Depreciation charge	(20,329)	(61,268)	(28,902)	(68,517)
Depreciation charge written out to Revaluation Reserve	91,605	68,556	0	0
Depreciation written out to the Surplus on the Provision of Services	27	3,475	334	0
Derecognition - disposals	156	35	9,246	0
Derecognition - other	0	0	2,384	0
Depreciation on assets transferred to Held for Sale	0	55	0	0
At 31 March 2019	<u>(141)</u>	<u>(97,599)</u>	<u>(159,754)</u>	<u>(701,660)</u>
Net book value				
At 31 March 2019	<u>1,484,366</u>	<u>2,061,894</u>	<u>172,355</u>	<u>763,791</u>
At 31 March 2018	<u>1,029,398</u>	<u>1,966,912</u>	<u>181,168</u>	<u>798,235</u>

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment - continued

15.3 Movements on Balances - Group Movements in 2018/19

	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property Plant and Equipment £000
Cost or Valuation				
At 1 April 2018	14,050	1,421	56,299	5,003,494
Additions	5,087	0	87,742	220,590
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(238)	0	0	423,012
Revaluation decreases recognised in the Surplus on the Provision of Services	(8,318)	0	0	(60,432)
Derecognition - disposals	(1,594)	0	(2,809)	(17,135)
Derecognition - other	0	0	0	(2,384)
Assets reclassified (to) / from held for sale	0	0	0	(6,016)
Other movements in cost or valuation	0	0	(32,071)	0
At 31 March 2019	<u>8,987</u>	<u>1,421</u>	<u>109,161</u>	<u>5,561,129</u>
Accumulated Depreciation and Impairment				
At 1 April 2018	0	0	0	(956,011)
Depreciation charge	0	0	0	(179,016)
Depreciation charge written out to Revaluation Reserve	0	0	0	160,161
Depreciation written out to the Surplus on the Provision of Services	0	0	0	3,836
Derecognition - disposals	0	0	0	9,437
Derecognition - other	0	0	0	2,384
Depreciation on assets transferred to Held for Sale	0	0	0	55
At 31 March 2019	<u>0</u>	<u>0</u>	<u>0</u>	<u>(959,154)</u>
Net book value				
At 31 March 2019	<u>8,987</u>	<u>1,421</u>	<u>109,161</u>	<u>4,601,975</u>
At 31 March 2018	<u>14,050</u>	<u>1,421</u>	<u>56,299</u>	<u>4,047,483</u>

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment - continued

15.4 Movements on Balances - Group Accounts 2017/18 Comparative Data

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Infrastructure Assets £000
Cost or Valuation				
At 1 April 2017	1,077,207	1,852,238	304,161	1,403,042
Additions	33,712	37,357	30,220	28,336
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(6,031)	198,430	0	0
Revaluation decreases recognised in the Surplus on the Provision of Services	(69)	(52,970)	0	0
Derecognition - disposals	(11,215)	(2,324)	(6,387)	0
Derecognition - other	0	(819)	(4,010)	0
Assets reclassified (to) / from held for sale	0	6,463	0	0
Other movements in cost or valuation	7,394	36,989	0	0
At 31 March 2018	<u>1,100,998</u>	<u>2,075,364</u>	<u>323,984</u>	<u>1,431,378</u>
Accumulated Depreciation and Impairment				
At 1 April 2017	(52,984)	(136,630)	(133,008)	(567,358)
Depreciation charge	(19,625)	(46,356)	(19,432)	(65,785)
Depreciation charge written out to Revaluation Reserve	241	63,191	0	0
Depreciation written out to the Surplus on the Provision of Services	4	11,098	0	0
Derecognition - disposals	764	115	5,614	0
Derecognition - other	0	130	0	0
Impairment losses recognised in the Surplus on the Provision of Services	0	0	4,010	0
At 31 March 2018	<u>(71,600)</u>	<u>(108,452)</u>	<u>(142,816)</u>	<u>(633,143)</u>
Net book value				
At 31 March 2018	<u>1,029,398</u>	<u>1,966,912</u>	<u>181,168</u>	<u>798,235</u>
At 31 March 2017	<u>1,024,223</u>	<u>1,715,608</u>	<u>171,153</u>	<u>835,684</u>

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment - continued

15.4 Movements on Balances - Group 2017/18 Comparative Data

	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property Plant and Equipment £000
Cost or Valuation				
At 1 April 2017	14,562	2,421	53,096	4,706,727
Additions	5,168	362	46,224	181,379
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(8)	0	0	192,391
Revaluation decreases recognised in the Surplus on the Provision of Services	(5,672)	0	0	(58,711)
Derecognition - disposals	0	0	0	(19,926)
Derecognition - other	0	0	0	(4,829)
Assets reclassified (to) / from held for sale	0	0	0	6,463
Other movements in cost or valuation	0	(1,362)	(43,021)	0
At 31 March 2018	<u>14,050</u>	<u>1,421</u>	<u>56,299</u>	<u>5,003,494</u>
Accumulated Depreciation and Impairment				
At 1 April 2017	0	0	0	(889,980)
Depreciation charge	0	0	0	(151,198)
Depreciation charge written out to Revaluation Reserve	0	0	0	63,432
Depreciation written out to the Surplus on the Provision of Services	0	0	0	11,102
Derecognition - disposals	0	0	0	6,493
Derecognition - other	0	0	0	130
Impairment losses recognised in the Surplus on the Provision of Services	0	0	0	4,010
At 31 March 2018	<u>0</u>	<u>0</u>	<u>0</u>	<u>(956,011)</u>
Net book value				
At 31 March 2018	<u>14,050</u>	<u>1,421</u>	<u>56,299</u>	<u>4,047,483</u>
At 31 March 2017	<u>14,562</u>	<u>2,421</u>	<u>53,096</u>	<u>3,816,747</u>

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment - continued

15.5 Movements on Balances - Council Movements in 2018/19

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Infrastructure Assets £000
Cost or Valuation				
At 1 April 2018	1,100,998	2,013,461	156,538	1,424,708
Additions	30,349	40,233	11,010	34,073
Revaluation increases / (decreases) recognised in the Revaluation Reserve	336,226	87,148	(124)	0
Revaluation decreases recognised in the Surplus on the Provision of Services	(217)	(49,515)	(2,382)	0
Derecognition - disposals	(1,842)	(799)	(2,338)	0
Derecognition - other	0	0	(2,384)	0
Assets reclassified (to) / from held for sale	0	(6,016)	0	0
Other movements in cost or valuation	18,993	13,078	0	0
At 31 March 2019	<u>1,484,507</u>	<u>2,097,590</u>	<u>160,320</u>	<u>1,458,781</u>
Accumulated Depreciation and Impairment				
At 1 April 2018	(71,600)	(77,150)	(68,036)	(626,940)
Depreciation charge	(20,329)	(61,073)	(9,427)	(68,237)
Depreciation charge written out to Revaluation Reserve	91,605	68,556	0	0
Depreciation written out to the Surplus on the Provision of Services	27	3,475	334	0
Derecognition - disposals	156	35	2,317	0
Derecognition - other	0	0	2,384	0
Other movements in cost or valuation	0	55	0	0
At 31 March 2019	<u>(141)</u>	<u>(66,102)</u>	<u>(72,428)</u>	<u>(695,177)</u>
Net book value				
At 31 March 2019	<u>1,484,366</u>	<u>2,031,488</u>	<u>87,892</u>	<u>763,604</u>
At 31 March 2018	<u>1,029,398</u>	<u>1,936,311</u>	<u>88,502</u>	<u>797,768</u>

Included within Other Land and Buildings is £2.274m for donated assets related to timing of PPP lifecycle maintenance spend by the contract provider, ahead of the planned programme.

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment - continued

15.5 Movements on Balances - Council

Movements in 2018/19

Cost or Valuation	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property Plant and Equipment £000	PPP Assets £000
At 1 April 2018	14,050	1,421	56,299	4,767,475	593,418
Additions	5,087	0	87,742	208,494	21,355
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(238)	0	0	423,012	(46,769)
Revaluation decreases recognised in the Surplus on the Provision of Services	(8,318)	0	0	(60,432)	(31,991)
Derecognition - disposals	(1,594)	0	(2,809)	(9,382)	0
Derecognition - other	0	0	0	(2,384)	0
Assets reclassified (to) / from held for sale	0	0	0	(6,016)	0
Other movements in cost or valuation	0	0	(32,071)	0	(15,843)
At 31 March 2019	8,987	1,421	109,161	5,320,767	520,170
Accumulated Depreciation and Impairment					
At 1 April 2018	0	0	0	(843,726)	(43,603)
Depreciation charge	0	0	0	(159,066)	(14,258)
Depreciation charge written out to Revaluation Reserve	0	0	0	160,161	47,424
Depreciation written out to the Surplus on the Provision of Services	0	0	0	3,836	1,895
Derecognition - disposals	0	0	0	2,508	0
Derecognition - other	0	0	0	2,384	0
Other movements in cost or valuation	0	0	0	55	0
At 31 March 2019	0	0	0	(833,848)	(8,542)
Net book value					
At 31 March 2019	8,987	1,421	109,161	4,486,919	511,628
At 31 March 2018	14,050	1,421	56,299	3,923,749	549,815

The disclosure for PPP assets is for information only. The costs and depreciation are included in 'Other Land and Buildings' and 'Assets Under Construction'.

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment - continued

15.6 Movements on Balances - Council 2017/18 Comparative Data

Cost or Valuation	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Infrastructure Assets £000
At 1 April 2017	1,077,207	1,790,335	159,328	1,396,372
Additions	33,712	37,357	3,510	28,336
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(6,031)	198,430	0	0
Revaluation decreases recognised in the Surplus on the Provision of Services	(69)	(52,970)	0	0
Derecognition - disposals	(11,215)	(2,324)	(2,290)	0
Derecognition - other	0	(819)	(4,010)	0
Assets reclassified (to) / from held for sale	0	6,463	0	0
Other movements in cost or valuation	7,394	36,989	0	0
At 31 March 2018	<u>1,100,998</u>	<u>2,013,461</u>	<u>156,538</u>	<u>1,424,708</u>
Accumulated Depreciation and Impairment				
At 1 April 2017	(52,984)	(105,526)	(64,347)	(561,444)
Depreciation charge	(19,625)	(46,158)	(9,776)	(65,496)
Depreciation charge written out to Revaluation Reserve	241	63,191	0	0
Depreciation written out to the Surplus on the Provision of Services	4	11,098	0	0
Derecognition - disposals	764	115	2,077	0
Derecognition - other	0	130	0	0
Impairment losses recognised in the Surplus on the Provision of Services	0	0	4,010	0
At 31 March 2018	<u>(71,600)</u>	<u>(77,150)</u>	<u>(68,036)</u>	<u>(626,940)</u>
Net book value				
At 31 March 2018	<u>1,029,398</u>	<u>1,936,311</u>	<u>88,502</u>	<u>797,768</u>
At 31 March 2017	<u>1,024,223</u>	<u>1,684,809</u>	<u>94,981</u>	<u>834,928</u>

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment - continued

15.6 Movements on Balances - Council

2017/18 Comparative Data

	Community Assets £000	Surplus Assets £000	Total Assets Under Construction £000	Total Property Plant and Equipment £000	PPP Assets £000
Cost or Valuation					
At 1 April 2017	14,562	2,421	53,096	4,493,321	594,858
Additions	5,168	362	46,224	154,669	40
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(8)	0	0	192,391	(1,480)
Revaluation decreases recognised in the Surplus on the Provision of Services	(5,672)	0	0	(58,711)	0
Derecognition - disposals	0	0	0	(15,829)	0
Derecognition - other	0	0	0	(4,829)	0
Assets reclassified (to) / from held for sale	0	0	0	6,463	0
Other movements in cost or valuation	0	(1,362)	(43,021)	0	0
At 31 March 2018	14,050	1,421	56,299	4,767,475	593,418
Accumulated Depreciation and Impairment					
At 1 April 2017	0	0	0	(784,301)	(32,687)
Depreciation charge	0	0	0	(141,055)	(14,106)
Depreciation charge written out to Revaluation Reserve	0	0	0	63,432	3,190
Depreciation written out to the Surplus on the Provision of Services	0	0	0	11,102	0
Derecognition - disposals	0	0	0	2,956	0
Derecognition - other	0	0	0	130	0
Impairment losses recognised in the Surplus on the Provision of Services	0	0	0	4,010	0
At 31 March 2018	0	0	0	(843,726)	(43,603)
Net book value					
At 31 March 2018	14,050	1,421	56,299	3,923,749	549,815
At 31 March 2017	14,562	2,421	53,096	3,709,020	562,171

The disclosure for PPP assets is for information only. The costs and depreciation are included in 'Other Land and Buildings'.

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment - continued

15.7 Council Dwellings, Other Land and Buildings and Investment Properties

The Council carries out a rolling programme of revaluations that ensures that all property, plant and equipment required to be measured at fair value is revalued at least every five years. All valuations were carried out internally. Valuations of land and buildings were carried out under the direction of the Council's Operational Estate Manager, L. Turner RICS, in accordance with the Statements of Asset Valuation Practice and Guidance Notes of The Royal Institution of Chartered Surveyors. Fixtures and fittings are included in the valuation of the buildings where appropriate.

The significant assumptions applied in estimating fair value are:

- Unless otherwise stated, all properties with a greater than de minimis value were assumed to be in a reasonable state of repair and have a life expectancy of more than fifty years. Where the Council has a planned replacement programme asset life is reviewed accordingly.
- The valuations were prepared using information from the Council's internal records, together with the valuation roll produced by Lothian Valuation Joint Board.
- Not all properties were inspected.

The following statement shows the progress of the Council's five-year rolling programme for the revaluation of property, plant and equipment.

Council assets	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Infrastructure Assets £000
Carried at historical cost	3	49,050	95,152	1,458,781
Valued at fair value as at:				
31 March 2019	1,481,868	812,805	0	0
31 March 2018	502	753,154	0	0
31 March 2017	0	204,982	0	0
31 March 2016	1,009	155,132	0	0
31 March 2015	1,125	122,467	65,168	0
Total cost or valuation	1,484,507	2,097,590	160,320	1,458,781

Council assets	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000
Carried at historical cost	8,987	1	109,161	1,721,135
Valued at fair value as at:				
31 March 2019	0	0	0	2,294,673
31 March 2018	0	0	0	753,656
31 March 2017	0	0	0	204,982
31 March 2016	0	1,420	0	157,561
31 March 2015	0	0	0	188,760
Total cost or valuation	8,987	1,421	109,161	5,320,767

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment - continued

15.8 Surplus Assets and Investment Properties - Fair Value Disclosure

Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair Value as at 31 March 2019
	£000	£000	£000	£000
Surplus assets	0	1,421	0	1,421
Investment properties - advertising hoardings	0	18,916	0	18,916
Total cost or valuation	0	20,337	0	20,337

- There were no transfers between levels during the year.
- The fair value for surplus assets has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in similar locations. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs is significant, leading to the properties being categorised at level 2 in the fair value hierarchy. In estimating the fair value of the Council's surplus assets, the assumption has been made that these would be disposed of for highest and best use consideration.
- The fair value for investment properties has been based on the market approach using current rent receivable with a capitalisation rate applied. The rate reflects the return that an investor would expect from the capital employed. There is evidence of lettings from the Council's property information systems which have been used to determine valuation parameters and the level of observable inputs is significant, leading to the investment properties being categorised at level 2 in the fair value hierarchy. In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use.

16. Investment Properties

Policy

Investment properties are initially measured at cost. After initial recognition, investment properties are measured at fair value (the price that would be received for the asset in its highest and best use).

Any gains or losses arising from a change in the fair value of investment properties are recognised in the Comprehensive Income and Expenditure Statement for the period in which they arise.

Investment properties are revalued annually.

Investment properties held at fair value are not depreciated.

Investment properties are de-recognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

The gain or loss arising from the retirement or disposal of an investment property is recognised in the 'surplus or deficit on provision of services' within the Comprehensive Income and Expenditure Statement in the period of the retirement or disposal.

Note

16.1 Income and Expenses on Investment Properties

Income of £1.743m (£1.594m 2017/18) and expense £Nil (£Nil 2017-18) have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

There are no restrictions on the Council's ability to realise the value inherent in its investment properties or on the Council's right to the remittance of income and the proceeds of disposal.

NOTES TO THE FINANCIAL STATEMENTS

16. Investment Properties - continued

16.2 Movement in Fair Value - continued

The following table summarises the movement in the fair value of investment properties over the year.

	2018/19		2017/18	
	Group £000	Council £000	Group £000	Council £000
Value at 1 April	18,321	17,891	16,821	16,471
Additions:				
- Subsequent expenditure	0	0	0	0
Disposals	0	0	0	0
Net (loss) / gain from fair value adjustments	815	1,025	1,500	1,420
	<u>19,136</u>	<u>18,916</u>	<u>18,321</u>	<u>17,891</u>
Value at 31 March	19,136	18,916	18,321	17,891

17. Intangible Assets

Policy

Intangible fixed assets represent software licences purchased by the Council.

Expenditure on the acquisition, creation or enhancement of intangible fixed assets has been capitalised on an accruals basis.

Intangible fixed assets are initially measured at cost. Software licences are depreciated over the period of the licence, commencing in the year of acquisition.

Note

The carrying value of intangible assets of the Group and the Council is £0.335m in 2018/19 (£1.444m in 2017/18).

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £1.240m in 2018/19 (2017/18 £1.249m) was charged to Resources.

18. Heritage Assets

Policy

Heritage assets comprise the following:

Monuments and statues	Civic regalia and artefacts
Archival collections	Libraries' special collections
Museum and gallery collections	

Intangible heritage assets represent three private vehicle registration plates.

It has not been practical or possible to split out all heritage assets belonging to the common good fund, charities or trusts. Therefore, the Council's Balance Sheet may hold elements of heritage assets that belong to other entities. Work is on-going to establish and maintain a common good register, in accordance with the Community Empowerment (Scotland) Act 2015.

Expenditure on the acquisition, creation or enhancement of heritage assets has been capitalised on an accruals basis.

Heritage asset valuations may be made by any method that is appropriate and relevant. Furthermore valuations need not be carried out by external valuers and there is no prescribed minimum period between valuations.

NOTES TO THE FINANCIAL STATEMENTS

18. Heritage Assets - continued

The following measurement bases have been applied, based on the most relevant and appropriate information available. This is set in the context where it is not practicable to obtain up to date valuations for all heritage assets at a cost which is commensurate with the benefits to users of the Council's financial statements.

Monuments and statues	Historic value
Civic regalia and artefacts	Insurance purposes valuation
Archival collections	Insurance purposes valuation, based on restoration costs
Libraries' special collections	Insurance purposes valuation
Museum and gallery collections	Insurance purposes valuation
Private vehicle registration plates	Cost or current value information is not readily available, therefore these assets have not been recognised on the Council's Balance Sheet

Heritage assets are deemed to have indeterminate lives and a high residual value; hence it is not considered appropriate to charge depreciation.

18.1 Reconciliation of the Carrying Value of Heritage Assets

Note

Movements in 2018/19

	Monuments and Statues £000	Civic Regalia and Artefacts £000	Archival Collections £000
Cost or Valuation			
At 1 April 2018	423	2,047	6,797
Additions	155	0	0
Revaluation increases / (decreases) recognised in the Revaluation Reserve	317	0	0
Revaluation decreases recognised in the Surplus / Deficit on the Provision of Services	(9)	0	0
Transferred to Common Good	(44)	0	0
At 31 March 2019	<u>842</u>	<u>2,047</u>	<u>6,797</u>
Net book value			
At 31 March 2019	<u>842</u>	<u>2,047</u>	<u>6,797</u>
At 31 March 2018	<u>423</u>	<u>2,047</u>	<u>6,797</u>
	Libraries' Special Collections £000	Museum and Gallery Collections £000	Total Heritage Assets £000
Cost or Valuation			
At 1 April 2018	1,975	19,643	30,885
Additions	0	0	155
Revaluation increases / (decreases) recognised in the Revaluation Reverse	0	0	317
Revaluation decreases recognised in the Surplus / Deficit on the Provision of Services	0	0	(9)
Transferred to Common Good	0	0	(44)
At 31 March 2019	<u>1,975</u>	<u>19,643</u>	<u>31,304</u>
Net book value			
At 31 March 2019	<u>1,975</u>	<u>19,643</u>	<u>31,304</u>
At 31 March 2018	<u>1,975</u>	<u>19,643</u>	<u>30,885</u>

NOTES TO THE FINANCIAL STATEMENTS

18. Heritage Assets - continued

18.1 Reconciliation of the Carrying Value of Heritage Assets - continued 2017/18 Comparative Data

Cost or Valuation	Monuments and Statues £000	Civic Regalia and Artefacts £000	Archival Collections £000
At 1 April 2017	665	2,047	6,797
Additions	166	0	0
Revaluation increases / (decreases) recognised in the Revaluation Reverse	(4)	0	0
Revaluation increases / (decreases) recognised in the Surplus on the Provision of Services	(404)	0	0
At 31 March 2018	<u>423</u>	<u>2,047</u>	<u>6,797</u>
Net book value			
At 31 March 2018	<u>423</u>	<u>2,047</u>	<u>6,797</u>
At 31 March 2017	<u>665</u>	<u>2,047</u>	<u>6,797</u>

Cost or Valuation	Libraries' Special Collections £000	Museum and Gallery Collections £000	Total Heritage Assets £000
At 1 April 2017	1,975	19,643	31,127
Additions	0	0	166
Revaluation increases / (decreases) recognised in the Revaluation Reverse	0	0	(4)
Revaluation increases / (decreases) recognised in the Surplus on the Provision of Services	0	0	(404)
At 31 March 2018	<u>1,975</u>	<u>19,643</u>	<u>30,885</u>
Net book value			
At 31 March 2018	<u>1,975</u>	<u>19,643</u>	<u>30,885</u>
At 31 March 2017	<u>1,975</u>	<u>19,643</u>	<u>31,127</u>

NOTES TO THE FINANCIAL STATEMENTS

18. Heritage Assets - continued

18.2 Details of Heritage Assets

- Valuations on Monuments and Statues are carried out under the direction of the Council's Operational Estate Manager. Monuments and Statues are valued on a historic basis.
- Civic Regalia and artefacts include items such as the Lord Provost's Badge and Chain of Office and the Rosebery Jewel. The value of these assets is based on an insurance purposes valuation carried out in 1998.
- Archival collections include historical records which relate to the history of Edinburgh and its surrounding areas. The value of these assets is based on a current insurance purposes valuation based on restoration costs only. This valuation has not changed since 2008/09.
- Libraries' special collections include items such as rare book collections and pictures in Calotype. The value of these assets is based on an insurance purposes valuation carried out in 2007 with a minor proportions valuation being updated in 2014.
- Museums and Gallery collections include various collections held at a number of museums across Edinburgh. They include items held within the Social History, Applied Art, Writers' Museum, Childhood, City Art Centre and Picture Loan Scheme. The value of these assets is based on insurance purposes valuations carried out in 2003 along with a minor proportions valuation being updated in 2014. A small minority of the assets are based on insurance purposes valuations carried out in 1996.
- The valuations for heritage assets have all been carried out internally and although they are from earlier periods, they are considered the most appropriate and relevant. Carrying out valuations for the majority of collections held is very costly and time consuming so it is not practicable to obtain recent valuations at a cost which is commensurate with the benefits to users of the financial statements. The carrying amounts of these heritage assets will be reviewed with sufficient regularity in the future to ensure they are brought up to date and remain appropriate.
- It has not been practical or possible to split out all heritage assets belonging to common good, charities or trusts. Therefore, the Council's balance sheet may hold this element of heritage assets that belong to other entities.
- The Council has three private vehicle registration plates which meet the definition of intangible heritage assets. These have not been recognised on the balance sheet due to lack of information on cost or current value. They are limited registration numbers that rarely become available for sale and therefore no relevant or appropriate current value can be placed on these.

19. Inventories

Policy

Inventories are measured at the lower of cost and net realisable value.

Inventories acquired through a non-exchange transaction are measured at their fair value as at the date of acquisition.

Inventories held for distribution at no charge or a nominal charge are measured at the lower of cost and current replacement cost.

Note	2018/19		2017/18	
	Group £000	Council £000	Group £000	Council £000
Total				
Balance at 1 April	13,958	2,513	16,166	3,048
Purchases	60,057	15,184	54,088	13,923
Held by a third party	192	192	39	39
Recognised as an expense in the year	(60,403)	(14,872)	(56,333)	(14,495)
Stock written off	(1,012)	(33)	(2)	(2)
Balance at 31 March	<u>12,792</u>	<u>2,984</u>	<u>13,958</u>	<u>2,513</u>

The majority of the Council inventory transactions and balances relate to fuel and building materials, with catering supplies, community equipment and clothing making up the remainder. The Group inventory mainly relates to fuel and work in progress.

NOTES TO THE FINANCIAL STATEMENTS

20. Debtors

20.1 Long-term Debtors

	2018/19		2017/18	
	Group £000	Council £000	Group £000	Council £000
Council Tax	89,366	89,366	83,295	83,295
Trade Debtors	41,421	41,421	35,035	35,035
Prepayments	0	0	0	0
Other Debtors	121,562	125,114	91,667	98,112
Total long-term debtors before provision for impairment	252,349	255,901	209,997	216,442
Less: Provision for impairment	(120,969)	(120,969)	(110,167)	(110,167)
Total net long-term debtors	131,380	134,932	99,830	106,275

Long-term debtors include £11.184m (2017/18 £12.440m) and £Nil (2017/18 £0.319m) for sums recoverable from Police Scotland and Fire Scotland respectively. These sums relate to monies advanced to the former joint boards for capital expenditure.

20.2 Current Debtors

	2018/19		2017/18	
	Group £000	Council £000	Group £000	Council £000
Council Tax	112,089	112,089	102,140	102,140
Trade Debtors	60,423	49,225	59,665	55,729
Prepayments	4,437	2,528	20,866	18,646
Other Debtors	59,358	54,208	54,685	44,564
Total current debtors before provision for impairment	236,307	218,050	237,356	221,079
Less: Provision for impairment	(111,756)	(111,756)	(107,157)	(107,157)
Total net current debtors	124,551	106,294	130,199	113,922

20.3 Provision for Impairment

	2018/19		2017/18	
	Group £000	Council £000	Group £000	Council £000
Long-term provision for impairment				
Council Tax	(83,290)	(83,290)	(81,431)	(81,431)
Trade Debtors	(22,043)	(22,043)	(21,687)	(21,687)
Other Debtors	(15,636)	(15,636)	(7,049)	(7,049)
Total long-term provision for impairment	(120,969)	(120,969)	(110,167)	(110,167)
Current provision for impairment				
Council Tax	(102,082)	(102,082)	(98,998)	(98,998)
Trade Debtors	(9,534)	(9,534)	(7,948)	(7,948)
Other Debtors	(140)	(140)	(211)	(211)
Total current provision for impairment	(111,756)	(111,756)	(107,157)	(107,157)

21. Cash and Cash Equivalents

The balance of cash and cash equivalents comprises the following elements. Investments maturing within three months of the balance sheet are deemed to be cash and cash equivalents.

	2018/19		2017/18	
	Group £000	Council £000	Group £000	Council £000
Cash held	353	353	360	360
Bank current accounts	29,323	158	8,287	(15,330)
Short-term deposits:				
With banks or building societies	32,936	32,936	19,415	19,415
With other local authorities	73,232	73,232	108,960	108,960
	135,844	106,679	137,022	113,405

NOTES TO THE FINANCIAL STATEMENTS

22. Assets Held for Sale

Policy

Current assets held for sale are assets that the Council has identified as surplus to requirements, are being actively marketed and it is expected that the sale will be realised within twelve months of the Balance Sheet date.

Non-current assets held for sale are assets that the Council has identified as surplus to requirements, are being actively marketed, but it is not expected that the sale will be realised within twelve months of the Balance Sheet date.

Assets held for sale are measured at the lower of carrying value and fair value less costs to sell at the Balance Sheet date. Where the sale is expected to occur in more than twelve months, the cost is measured at present value.

Current and non-current assets held for sale are not depreciated.

Note	2018/19		2017/18	
	Group £000	Council £000	Group £000	Council £000
22.1 Non-Current Assets				
Balance at 1 April	2,580	2,580	13,498	13,498
Additions	25	25	9	9
Assets reclassified as held for sale:				
Property, Plant and Equipment	0	0	(53)	(53)
Assets sold	(19)	(19)	(3,477)	(3,477)
Transfers from non-current to current	(1,000)	(1,000)	(7,397)	(7,397)
Balance at 31 March	<u>1,586</u>	<u>1,586</u>	<u>2,580</u>	<u>2,580</u>
22.2 Current Assets				
Balance at 1 April	20,126	20,126	29,359	29,359
Additions	193	193	(88)	(88)
Revaluation gains/(losses) recognised in the revaluation reserve	4,000	4,000	0	0
Assets reclassified as held for sale:				
Property, Plant and Equipment	5,960	5,960	(6,410)	(6,410)
Assets sold	(13,674)	(13,674)	(10,132)	(10,132)
Transfers from non-current to current	1,000	1,000	7,397	7,397
Balance at 31 March	<u>17,605</u>	<u>17,605</u>	<u>20,126</u>	<u>20,126</u>
23. Creditors				
Trade Creditors	(75,699)	(70,857)	(88,090)	(88,090)
Council Tax refundable to taxpayer	(1,980)	(1,980)	(1,004)	(1,004)
Other Tax payable	(13,985)	(10,598)	(13,918)	(9,982)
Other Creditors	(114,208)	(82,443)	(63,814)	(42,652)
PFI Creditor	(8,206)	(8,206)	(8,022)	(8,022)
Finance Leases (non PFI)	(2,323)	(374)	(1,949)	0
	<u>(216,401)</u>	<u>(174,458)</u>	<u>(176,797)</u>	<u>(149,750)</u>

NOTES TO THE FINANCIAL STATEMENTS

24. Provisions

Policy

The value of provisions is based upon the Council's obligations arising from past events, the probability that a transfer of economic benefit will take place and a reasonable estimate of the obligation.

Note

Provision has been made within the Group Financial Statements for outstanding payments of £36.727m (2017/18 £29.272m).

Of this amount, £33.810m (2017/18 £25.431m) relates to the Council. These include estimates of settlements on outstanding equal pay, compensation, insurance and other claims, contract arrangements, land acquisition costs for the tram project and Council Tax discounts that require to be set aside for housing projects. The precise amount of these payments is unknown, however, provision has been made in the accounts, as summarised below, based on the Council's assessment of the costs.

	Group £000	Council £000
Balance at 1 April 2018	(29,272)	(25,431)
Additional provisions made during the year	(18,556)	(16,794)
Amounts used during the year	5,984	3,381
Unused amounts reversed during the year	5,117	5,034
Balance at 31 March 2019	<u>(36,727)</u>	<u>(33,810)</u>

25. Reserves

Policy

Reserves held on the Balance Sheet are classified as either usable or unusable reserves.

Usable reserves hold monies that can be applied to fund expenditure or reduce Council Tax.

Unusable reserves cannot be applied to fund expenditure.

Usable Reserves

The Council operates the following usable reserves:

- Capital receipts reserve - this represents capital receipts available to finance capital expenditure in future years.
- Capital grants unapplied account - holds capital grants and contributions that have been received towards specific works that have yet to be completed.
- Capital fund - under Schedule 3 of the Local Government (Scotland) Act 1975, certain receipts derived from the sale of property may also be used to create a capital fund "to be used for defraying any expenditure of the authority to which capital is properly applicable, or in providing money for repayment of the principal of loans".
- Renewal and repairs fund - holds monies set aside for the renewal and repair of Council property and funds for PPP school lifecycle maintenance. This fund is operated under the terms of Schedule 3 to the Local Government (Scotland) Act 1975.
- General Fund - held to mitigate financial consequences of risks and other events impacting on the Council's resources. Monies within the General Fund can be earmarked for specific purposes.

Note

Movements in the Group and the Council's usable reserves are detailed in the Movement in Reserves Statement (on pages 17 to 18) and Note 12.

26. Unusable Reserves

Policy

The Council operates the following unusable reserves:

- Revaluation reserve - holds unrealised gains arising since 1 April 2007 from holding non-current assets.
- Capital adjustment account - provides a mechanism between the different rates at which assets are depreciated and are financed through the capital controls system.

NOTES TO THE FINANCIAL STATEMENTS

26. Unusable Reserves - continued Policy - continued

- Financial instruments adjustment account - provides a mechanism between the different rates at which gains and losses (such as premiums on the early repayment of debt) are recognised under the Code and are required by statute to be met from the General Fund.
- Pensions reserve - represents the net monies which the Council requires to meet its pension liability, as calculated under IAS19, Employee Benefits. The Council operates a pensions reserve fund under the terms of the Local Government Pension Reserve Fund (Scotland) Regulations 2003.
- Employee statutory adjustment account - represents the net monies which the Council requires to meet its short-term compensated absences for employees under IAS19.

26.1 Summary of Unusable Reserves

	Balance as at:	
	31 March 2019 £000	31 March 2018 £000
Revaluation Reserve	1,668,211	1,108,975
Capital Adjustment Account	1,457,668	1,403,298
Financial Instruments Adjustment Account	(41,548)	(43,467)
Pensions Reserve	(605,765)	(482,493)
Employee Statutory Adjustment Account	(16,058)	(14,761)
Total Council Unusable Reserves	2,462,508	1,971,552
Subsidiaries, Associates and Joint Ventures	119,467	119,431
Total Group Unusable Reserves	2,581,975	2,090,983

26.2 Revaluation Reserve

The revaluation reserve contains the gains made by the Council arising from increases in the value of its property, plant and equipment. The balance is reduced when assets with accumulated gains are: revalued downwards or impaired and the gains are lost; used in the provision of services and the gains are consumed through depreciation; or disposed of and the gains are realised.

The reserve contains unrealised gains accumulated since 1 April 2007, the date the reserve was created. Accumulated gains arising before 1 April 2007 were consolidated into the capital adjustment account.

	2018/19 £000	2017/18 £000
Balance at 1 April	1,108,975	873,986
Upward revaluation of assets	676,979	334,452
Downward revaluation of assets and impairment losses not charged to the Surplus on the Provision of Services	(89,489)	(78,632)
Surplus on revaluation of non-current assets not posted to the Surplus on the Provision of Service	587,490	255,820
Difference between fair value depreciation and historical cost depreciation	(130)	(5,665)
Accumulated gains on assets sold	(28,124)	(15,166)
Amount written off to the capital adjustment account	(28,254)	(20,831)
Balance at 31 March	1,668,211	1,108,975

NOTES TO THE FINANCIAL STATEMENTS

26. Unusable Reserves - continued

26.3 Capital Adjustment Account

The capital adjustment account provides a balancing mechanism for timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (CIES) (with reconciling postings from the revaluation reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Council to finance the costs for acquisition, construction and enhancement of non-current assets. The account also holds accumulated gains and losses on investment properties and revaluation gains accumulated on property, plant and equipment prior to 1 April 2007.

Note 11 provides details of the source of the transactions posted to this account, except those involving the revaluation reserve.

	2018/19 £000	2017/18 £000
Balance at 1 April	1,403,298	1,402,884
<u>Reversal of items relating to capital expenditure debited or credited to the CIES</u>		
Charges for depreciation and impairment of non-current assets	(159,066)	(141,055)
Revaluation losses on property, plant and equipment heritage assets and assets held for sale	(57,084)	(48,012)
Amortisation and impairment of intangible assets	(1,240)	(1,267)
Capital funded from revenue	38,888	22,200
Revenue exp. funded from capital under statute	(59,774)	(44,411)
Amounts of non-current assets written off on disposal or sale as part of the gain / loss on disposal to the CIES	(19,952)	(27,172)
	<u>(258,228)</u>	<u>(239,717)</u>
Adjusting amounts written out of the revaluation reserve	28,254	20,831
Net written out amount of the costs of non-current assets consumed in the year	(229,974)	(218,886)
<u>Capital financing applied in the year:</u>		
Use of the capital receipts reserve to finance new capital expenditure	25,953	21,879
Capital grants and contributions credited to the CIES that have been applied to capital financing	87,784	72,548
Application of grants from the capital grants unapplied account / capital fund	1,351	21
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	88,471	79,021
Capital expenditure charged against the General Fund and HRA balances	59,774	44,411
	<u>263,333</u>	<u>217,880</u>
Movements in the market value of investment properties credited to the CIES	1,025	1,420
Transfer to the General Fund	0	0
Other unrealised losses debited to the CIES	19,986	0
Balance at 31 March	<u><u>1,457,668</u></u>	<u><u>1,403,298</u></u>

NOTES TO THE FINANCIAL STATEMENTS

26. Unusable Reserves - continued

26.4 Financial Instruments Adjustment Account

The financial instruments adjustment account provides a balancing mechanism between the different rates at which gains and losses (such as premiums on the early repayment of debt) are recognised under the Code and are required by statute to be met from the General Fund and Housing Revenue Account. This account also holds the equivalent interest rate adjustment on lender option / borrower option loans.

	2018/19	2017/18
	£000	£000
Balance at 1 April	(43,467)	(45,390)
Proportion of premiums incurred in previous financial years to be charged against the General Fund and HRA balances in accordance with statutory requirements	1,849	1,849
Proportion of equivalent interest rate calculation on lender option / borrower option loans (LOBOs)	70	74
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in accordance with statutory requirements	1,919	1,923
Balance at 31 March	<u>(41,548)</u>	<u>(43,467)</u>

The Council operates a loans pool on behalf of the General Fund and Housing Revenue Account. With the transfer of responsibility for Police and Fire services to the new national bodies, all movements are now reflected on the Council's Balance Sheet. An element of the cost, however, is recovered through the pooled interest rate and therefore there is no financial impact on the Council.

26.5 Pensions Reserve

The pensions reserve provides a balancing mechanism arising from the different arrangements for accounting for post employment benefits (pension costs) and for funding pensions in accordance with statutory provisions. The Council accounts for pensions in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

Statutory arrangements, however, require benefits to be financed as the Council makes its contributions to Lothian Pension Fund or pays any pensions for which it is directly responsible.

NOTES TO THE FINANCIAL STATEMENTS

26. Unusable Reserves - continued

26.5 Pensions Reserve - continued

The debit balance on the pension reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources that the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits require to be paid.

	2018/19 £000	2017/18 £000
Balance at 1 April	(482,493)	(705,786)
Actuarial gains or (losses) on pension assets and liabilities	(71,775)	273,812
Reversal of items relating to retirement benefits debited or credited to the Surplus on the Provision of Services in the Comprehensive Income and Expenditure Statement	(116,885)	(110,511)
Employer's pension contributions and direct payments to pensioners payable in the year	65,388	59,992
Balance at 31 March	<u>(605,765)</u>	<u>(482,493)</u>

26.6 Employee Statutory Adjustment Account

The employee statutory adjustment account provides a balancing mechanism arising from the different arrangements that would otherwise impact on the General Fund and HRA balances from accruing for compensated absences earned but not taken in the year (annual leave entitlement carried forward at 31 March). Statutory arrangements require that the impact on the General Fund and HRA balances is mitigated by transfers to or from this account.

		2018/19 £000	2017/18 £000
Balance at 1 April		(14,761)	(14,121)
Settlement or cancellation of accrual made at the end of the preceding year	14,761	14,121	
Amount accrued at the end of the current year	<u>(16,058)</u>	<u>(14,761)</u>	
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(1,297)	(640)
Balance at 31 March		<u>(16,058)</u>	<u>(14,761)</u>

NOTES TO THE FINANCIAL STATEMENTS

26. Unusable Reserves - continued

26.7 Unusable Reserves - Group Members

	Balance as at:	
	31 March 2019 £000	31 March 2018 £000
Subsidiaries		
CEC Holdings Limited	76,292	75,696
Transport for Edinburgh	24,226	25,275
Associates and Joint Ventures		
Common Good	23,510	21,864
Lothian Valuation Joint Board	(4,561)	(3,404)
Total Unusable Reserves - Subsidiaries, Associates and Joint Ventures	<u>119,467</u>	<u>119,431</u>

27. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

	2018/19		2017/18	
	Group £000	Council £000	Group £000	Council £000
Cash paid to and on behalf of employees	571,307	571,307	560,154	560,154
General Revenue Grant	(363,757)	(363,757)	(345,757)	(345,757)
Non-Domestic Rates receipts from national pool	(340,474)	(340,474)	(355,063)	(355,063)
Other net operating cash payments / (receipts)	(116,137)	(116,137)	(85,056)	(85,056)
Net cash flows from subsidiary companies	(26,445)	0	(18,826)	0
Net cash flows from operating activities	<u>(275,506)</u>	<u>(249,061)</u>	<u>(244,548)</u>	<u>(225,722)</u>

28. Cash Flow Statement - Operating Activities - continued

The cash flows for operating activities include the following items:

	2018/19		2017/18	
	Group £000	Council £000	Group £000	Council £000
Interest received	(5,198)	(5,406)	(4,324)	(4,233)
Interest paid	82,444	82,435	89,285	88,950
Investment income received	(7,000)	(7,000)	(6,180)	(6,180)

NOTES TO THE FINANCIAL STATEMENTS

29. Cash Flow Statement - Investing Activities

	2018/19		2017/18	
	Group £000	Council £000	Group £000	Council £000
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	230,998	218,902	187,617	170,649
Proceeds from the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(20,100)	(18,770)	(24,841)	(24,277)
Net purchase of Short-Term and Long-Term Investments	(1,053)	(1,053)	20,773	20,884
Other payments for investing activities	55,316	49,136	49,211	42,601
Other receipts from investing activities	(55,423)	(55,401)	(29,955)	(29,938)
Net cash flows from investing activities	209,738	192,814	202,805	179,919

30. Cash Flow Statement - Financing Activities

	2018/19		2017/18	
	Group £000	Council £000	Group £000	Council £000
Cash Receipts of Short- and Long-Term Borrowing	(10)	(2,875)	(1,891)	0
Other Receipts for Financing Activities	13,743	13,743	3,297	3,297
Cash Payments for the Reduction of the Outstanding Liability relating to Finance Leases and on-Balance Sheet PPP Contracts	3,253	2,145	8,791	7,888
Repayment of short-term and long-term borrowing	49,960	49,960	54,355	54,355
Net cash flows from financing activities	66,946	62,973	64,552	65,540

31. Trading Operations

Edinburgh Catering Services - Other Catering continues to meet the definition of a significant trading operations under the terms of the Local Government in Scotland Act 2003, as amended.

31.1 Edinburgh Catering Services - Other Catering

Edinburgh Catering Services - Other Catering is a quality accredited trading operation providing a catering service to staff and the public across seven Council buildings which includes civic hospitality in Waverley Court and the City Chambers.

	2018/19 £000	2017/18 £000	2016/17 £000	Cumulative £000
Turnover	966	931	902	n/a
Deficit	(36)	(42)	(191)	(269)

Edinburgh Catering Services - Other Catering failed to achieved its statutory obligation to break even over the three-year period.

There has been a significant reduction in losses over the last three years. A revised tariff will be implemented in the new financial year to ensure the service covers its inflationary cost rises, mainly around food, beverages and staff costs. A new till system will be introduced to track income trends more effectively and proposals to rationalise the service delivery locations will be pursued.

The results of Edinburgh Catering Services - Other Catering are included within 'Financing and Investment Income and Expenditure' in the Comprehensive Income and Expenditure Statement.

NOTES TO THE FINANCIAL STATEMENTS

32. Financial Support and Guarantees

32.1 Loans and guarantees

The Council has made loans to the following organisations at less than market interest rates (soft loans).

	2018/19 £000	2017/18 £000	2018/19 £000	2017/18 £000
	Transport for Edinburgh Ltd.	Transport for Edinburgh Ltd.	Spartans Community Football Academy	Spartans Community Football Academy
Opening Balance	939	899	55	54
New Loans	0	0	0	0
Increase in the Discounted Amount	42	40	5	4
Fair Value Adjustment	0	0	0	0
Loan Repayment	<u>(981)</u>	<u>0</u>	<u>(3)</u>	<u>(3)</u>
Balance Carried Forward	<u>0</u>	<u>939</u>	<u>57</u>	<u>55</u>
Nominal Value Carried Forward	<u>0</u>	<u>1,000</u>	<u>99</u>	<u>102</u>

Adjustments have been made under the requirements of IAS 39 Financial Instruments: Recognition and Measurement, as required by the Code.

The Transport for Edinburgh loan related to two £500,000 loans to Transport for Edinburgh Ltd. to provide a loan facility to Tramco for its general working capital purposes and funding its business and activities. These loans were fully repaid during the year to 31 March 2019.

The Spartans loan relates to the lease of an area of ground lying immediately to the west of Ainslie Park Leisure Centre, Pilton Drive, Edinburgh. The original outstanding payment was £120,000, with £3,000 to be paid on or before 31 March each year for ten consecutive years from 31 March 2012 and £9,000 to be paid for ten consecutive years on or before 31 March from 31 March 2022.

32.2 Guarantees

In February 2018 the Council agreed to provide a formal pension guarantee to Lothian Pension Funds on behalf of Edinburgh Leisure.

From 1 April 2018 Lothian Pension Fund introduced a new investment strategy, whereby for those employers closed to new entrants but who do not meet the criteria for the Funds low-risk strategy, would be moved to a medium risk strategy.

Edinburgh Leisure would fall into this category and the impact would be a considerable increase in contribution rates and would likely result in a significant impact on services provided by this entity.

The Council approved providing a pension guarantee which enabled Edinburgh Leisure to be moved back to a low-risk strategy, avoiding the additional financial costs.

In June 2018 the Council also approved to provide a pension guarantee to Lothian Pension Fund on behalf of Lothian Buses, to enable them to merge their existing pension fund into Lothian Pension Fund, to streamline the pension portfolio and bring associated financial efficiencies.

NOTES TO THE FINANCIAL STATEMENTS

32. Financial Support and Guarantees - continued

32.3 Shared Equity Scheme / Scheme of Assistance

In 2010/11, the Council approved a shared equity scheme to help buyers purchase homes from PARC. The Council provided assistance to sixteen purchasers, at a cost of £0.484m. No further assistance has been provided since 2012/13.

The monies are required to be repaid to the Council either on sale of the property or after twenty years, whichever occurs earlier.

Purchasers have the option to pay interest annually or accumulate charges on the same terms as the original equity. Sums due to the Council, including accrued interest, where owners have opted to defer interest, are included in long-term debtors.

The assisted purchase scheme was an initiative administered on behalf of the Council to allow home owners to enter into a lifetime mortgage agreement to finance repairs to their properties. Forty loans were made between 2007 and 2012, with an original loan principal value of £0.762m. These sums are included in long-term debtors.

The loans are repayable on sale of the property or on the death of the home owner. The amount repayable is a minimum of the original loan principal and a maximum of the original loan as a percentage of the property value on signing the agreement, as applied to the value on redeeming the loan.

In June 2018 the Council purchased the interest in a shared equity loan scheme from PARC for £0.512m. The scheme provided assistance to buyers to purchase homes from PARC and twenty two loans remain in the scheme. These sums are included in long-term debtors.

The loans are repayable on sale of the property or on the death of the home owner. The amount repayable is a minimum of the original loan principal and a maximum of the original loan as a percentage of the property value on signing the agreement, as applied to the value on redeeming the loan.

32.4 National Housing Trust

The National Housing Trust (NHT) is a housing initiative developed by the Scottish Government, in partnership with the Scottish Futures Trust (SFT) and local authorities. The aim is to deliver new homes for mid-market rent while at the same time stimulating the housing market. The scheme is underwritten by the Scottish Government, by way of a guarantee against the borrowing and associated interest costs. The Council works with the Scottish Government and SFT to procure private developers to build homes for mid-market rent and enter into joint ventures with the Council, by way of Limited Liability Partnerships through the NHT initiative.

Phase 1 and 2 of NHT are now complete and have delivered 518 new homes.

The Telford NHT LLP with Miller Homes was bought over by the Council in January 2019.

Phase 3 will deliver up to 368 mid-market rent homes across three separate sites by December 2020. All NHT Phase 3 projects are now in contract and construction has commenced. The total required budget for NHT3 is £50.1m for three projects. Fruitmarket NHT3 has completed, with investment totalling £9.153m and delivery of 80 homes. Spend on the two remaining projects under NHT Phase 3 commenced in 2018/19 and will continue into 2019/20 and 2020/21, with the last NHT homes due to complete at Shrubhill in late 2020.

NOTES TO THE FINANCIAL STATEMENTS

32. Financial Support and Guarantees - continued

32.4 National Housing Trust - continued

The Council has advanced the following sums through the NHT scheme:

Developer	Development Site	Phase	Total No. of Units	2018/19 £000	Prior Years £000	Total £000
Places for People	Lochend North	1	126	0	13,323	13,323
Places for People	Lighthouse Court	1	62	0	6,492	6,492
Teague Homes Limited	Salamander Place / Leith Links	1	145	0	15,551	15,551
City of Edinburgh Council	Telford North	1	89	0	10,299	10,299
FP Newhaven Ltd	Sandpiper Road	2	96	0	11,908	11,908
Ediston Homes Ltd	Fruitmarket	3	80	0	9,153	9,153
Cruden Homes	Western Harbour	3	90	11,279	0	11,279
Places for People	Shrubhill	3	58	9,139	0	9,139
			746	20,418	66,726	87,144

These sums are included within long-term debtors, as detailed in note 20.1.

33. Agency Income and Expenditure

The Council has entered into agency agreements with other local public bodies to provide and receive services, the income and expenditure for which is included in the Comprehensive Income and Expenditure Statement.

During the financial year the total Agency income was £11.799m (2017/18 £10.981m) and Agency Expenditure £8.619m (2017/18 £8.370m).

The council also undertakes, on an agency basis, the financial administration on behalf of the Scottish Cities Alliance. During the year £0.653m (2017/18 £0.913m) was paid out to the respective lead authorities of the projects concerned, included in the totals above.

The Council acts as the Billing Authority for a number of Business Improvement Districts (BIDs). The Council collects a levy from the business rate payers on behalf of the BID bodies, Essential Edinburgh, Edinburgh West End, Greater Grassmarket (wound up February 2018) and Queensferry Ambition (wound up August 2017). During the year income of £1.185m (2017/18 £1.232m) was collected and £1.138m (2017-18 £1.18m) paid out to BID schemes, included in the totals above.

34. Audit Costs

The fees payable to Scott Moncrieff in respect of external audit services undertaken in accordance with the Code of Audit Practice are £0.594m (2017/18 £0.578m).

In addition, the Council paid audit fees to Scott Moncrieff for the audit of CEC Recovery Limited's (formerly tie Limited) accounts. The Council paid £0.003m during 2018/19 (2017/18 £0.002m) for the audit of the 2017/18 financial statements.

NOTES TO THE FINANCIAL STATEMENTS

35. Grant Income

Policy

• Revenue

Revenue grants and contributions have been included in the financial statements on an accruals basis.

Where such funds remain unapplied at the Balance Sheet date, but approval has been given to carry these funds forward to the next financial year, these amounts have been set aside in the General Fund.

• Capital

Capital grants and contributions are recognised in the Comprehensive Income and Expenditure Statement except to the extent there are conditions attached to them that have not been met.

Where there are no conditions attached to capital grants and contributions, these funds are a reconciling item in the Movement in Reserves Statement for the General Fund and Housing Revenue Account by way of an adjusting transaction with the capital adjustment account, where expenditure has been incurred, and the unapplied capital grants account, where expenditure has not been incurred.

Where there are outstanding conditions attached to capital grants and contributions that have not been met at the Balance Sheet date, the grant or contribution will be recognised as part of capital grants receipts in advance. Once the condition has been met, the grant or contribution will be transferred from capital grants received in advance and recognised as income in the Comprehensive Income and Expenditure Statement, as above.

Note

Grants and contributions credited to the Comprehensive Income and Expenditure Statement include the following:

	2018/19		2017/18	
	£000	£000	£000	£000
Credited to taxation and non-specific grant income				
General revenue funding	(363,757)		(345,757)	
Non-domestic rates	(340,474)		(355,063)	
Capital grants and contributions	<u>(100,123)</u>		<u>(76,598)</u>	
		(804,354)		(777,418)
Credited to services				
Central Government Bodies	(202,802)		(210,879)	
Other Local Authorities	(3,288)		(2,895)	
NHS bodies	(70,336)		(62,588)	
Other entities and individuals	<u>(10,469)</u>		<u>(3,867)</u>	
		<u>(286,895)</u>		<u>(280,229)</u>
Total		<u><u>(1,091,249)</u></u>		<u><u>(1,057,647)</u></u>

NOTES TO THE FINANCIAL STATEMENTS

36. Related Parties

During the year, the Council entered into a number of transactions with related parties. The most material of these transactions, not disclosed elsewhere, are shown below.

	2018/19	2018/19	2018/19	2017/18	2017/18
	Expenditure	Income	Debtor / (Creditor)	Net Expenditure / (Income)	Debtor / (Creditor)
	£000	£000	£000	£000	£000
Capital City Partnership	4,293	(218)	216	4,666	0
CEC Holdings (incl. EDI Group, EICC)	72	(125)	3,784	243	(332)
Edinburgh Festival Theatres	611	(130)	0	515	0
Edinburgh Leisure Limited	11,978	(1,265)	147	8,575	0
Edinburgh Trams Ltd	645	(7)	1,442	(2,007)	0
Lothian Buses	1,715	(77)	10	1,401	0
Edinburgh Living MMR	2,734	(1,738)	2,748	0	0
Edinburgh Integration Joint Board	209,306	(231,273)	(12,373)	(19,079)	(8,378)
Lothian Valuation Joint Board	3,583	(56)	(1,715)	3,567	0
Telford NHT	3,454	0	0	0	0
NHS Bodies	4,248	(27,456)	219	(23,290)	4,587
Other Local Authorities	3,548	(2,513)	126	1,064	502
HMRC	0	0	(1,769)	0	581
Pension Fund	15	(257)	(3,722)	(246)	(247)
Scottish Government	11,669	(89)	28,623	7,708	21,780
Scottish Police Authority	2,221	(14)	0	2,787	0
Scottish Qualifications Authority	1,538	0	0	1,510	0
<u>Other</u>					
Audit Scotland	665	0	(382)	0	(387)
Autism Initiative UK	4,408	0	0	4,389	0
Bethany Christian Trust	799	(0)	0	1,487	0
Criminal Justice Bodies	555	0	0	616	0
Dean and Cauvin Charitable Trust	935	0	0	1,192	0
Edinburgh International Festival Society	2,210	(263)	43	2,246	0
Edinburgh Military Tattoo	0	(406)	0	(401)	0
Edinburgh Vol. Org. Council	1,314	(0)	0	1,328	0
Festivals Edinburgh Ltd	153	0	0	176	0
Handicab	452	0	0	449	0
Hubco	8,941	0	0	3,648	0
Lifecare Edinburgh	354	0	0	340	0
Marketing Edinburgh	1,363	(27)	11	1,146	0
Police Scotland	206	(1,835)	11,154	(2,484)	12,412
Scottish Fire and Rescue Service	39	(335)	(15)	(777)	964
Scottish Water	15	(11)	70	0	70
SESTRAN	1	(25)	356	1	0
SUSTRANS	2,930	(0)	1,685	0	10
Transport Scotland	20	0	0	0	629
Spartans	59	(4)	57	38	0
Port of Leith Housing	4,370	(1)	0	4,321	0
Royal Blind Asylum and School	1,636	0	0	1,347	0
Royal Lyceum Theatre Co Ltd	354	(50)	0	361	0
Total	293,408	(268,175)	30,714	6,837	32,191

NOTES TO THE FINANCIAL STATEMENTS

37. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred during the year is shown below (including the value of assets acquired under finance leases and PPP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years through charges to revenue (loan charges), capital expenditure results in an increase in the capital financing requirement. This shows the amount of capital expenditure that has yet to be financed. The capital financing requirement is analysed below.

	2018/19		2017/18	
	£000	£000	£000	£000
Opening capital financing requirement		1,575,864		1,610,256
Capital Investment				
Property, plant and equipment	208,494		154,669	
Heritage Assets	155		166	
Assets held for sale	218		(79)	
Intangible assets	131		46	
Capital Receipts transferred to Capital Fund	825		4,971	
National Housing Trust - Consent to borrow (see note 32.4)	20,418		6,470	
Edinburgh Living LLP - Consent to borrow	2,734		0	
Acquisition of Long Term Investment	3,471		0	
Revenue expenditure funded from capital under statute	59,774		44,411	
Adjustments to PPP schools during the year	<u>0</u>		<u>0</u>	
		296,220		210,654
Sources of Finance				
Capital receipts	(25,953)		(21,879)	
Capital Funded from Current Revenue	(38,888)		(22,200)	
Government grants and other contributions	(148,910)		(116,980)	
Write down of EDI Loan Stock	(2,200)		0	
PPP schools - - under construction and lifecycle additions	(20,175)		0	
Loans fund / finance lease repayments	<u>(89,295)</u>		<u>(83,987)</u>	
		<u>(325,421)</u>		<u>(245,046)</u>
Closing capital financing requirement		<u><u>1,546,663</u></u>		<u><u>1,575,864</u></u>
Explanation of movements in year				
(Decrease) / increase in underlying need to borrow or fund from credit arrangements		(35,447)		(34,392)
Assets acquired under finance leases		6,246		
(Decrease) / Increase in capital financing requirement		<u><u>(29,201)</u></u>		<u><u>(34,392)</u></u>

NOTES TO THE FINANCIAL STATEMENTS

38. Leases

38.1 Assets Leased in - Finance Leases

Policy

Finance leases, which have substantially transferred to the authority the benefits and risks of ownership of a non-current asset, are treated as if the asset had been purchased outright.

Assets acquired under finance leases are included in non-current assets at the lower of the fair value or the present value of the minimum lease payments. The capital element of the lease is included as obligations under finance leases / creditors.

The lease rentals comprise capital and interest elements. The capital element is applied to reduce the outstanding obligation and the interest element is charged to revenue on a straight line basis over the terms of the lease.

Note

The Council has acquired a waste treatment facility under a finance lease. The asset classified under this lease is included in property, plant and equipment in the Balance Sheet:

	2018/19		2017/18	
	Group £000	Council £000	Group £000	Council £000
Value at 1 April	9,093	0	0	0
Additions during the year	6,246	6,246	9,742	0
Repayments during the year	(2,314)	(366)	(649)	0
Derecognition	0	0	0	0
Value at 31 March	13,025	5,880	9,093	0
Other land and buildings	0	0	0	0
Vehicles, plant, equipment and furniture	13,025	5,880	9,093	0
Value at 31 March	13,025	5,880	9,093	0
Finance Lease Liabilities	£000	£000	£000	£000
Not later than one year	2,323	374	1,949	0
Later than one year and not later than five years	6,764	1,568	7,144	0
Between six and ten years	2,134	2,134	0	0
Between eleven and fifteen years	1,804	1,804	0	0
	13,025	5,880	9,093	0

38.2 Assets Leased in - Operating Leases

Policy

Leases that do not meet the definition of a finance lease are accounted for as operating leases.

Rental payments, net of benefits received, under operating leases are charged to the relevant service on a straight line basis over the life of the lease.

Note

The Group leases in property, vehicles and copying equipment financed under the terms of operating leases. The amount charged to the Comprehensive Income and Expenditure Statement under these arrangements and the value of future payments under operating leases is shown overleaf.

NOTES TO THE FINANCIAL STATEMENTS

38. Leases - continued

38.2 Assets Leased in - Operating Leases - continued

Under these operating leases, the Group and Council is committed to paying the following sums, of which £0m is recoverable from employees (2017/18 £0.002m):

	2018/19		2017/18	
	Group	Council £000	Group £000	Council £000
Future Repayment Period				
Not later than one year	9,610	741	1,603	1,155
Later than one year and not later than five years	37,615	2,172	2,875	1,859
Later than five years	78,025	3,559	5,154	4,001
	125,250	6,472	9,632	7,015
Value at 31 March				
Other land and buildings	7,992	6,454	8,922	6,989
Vehicles, plant, equipment and furniture	117,258	18	710	26
	125,250	6,472	9,632	7,015
Recognised as an expense during the year	10,511	1,508	2,043	1,508

38.3 Assets Leased Out by the Council - Operating Leases

Policy

Rental income received under operating leases is credited to the relevant service in accordance with the terms specified in the lease agreement.

Note

The Council leases out property, equipment and infrastructure under operating leases for a number of purposes, including:

- for economic development purposes, including regeneration and to provide suitable affordable accommodation for local businesses.
- to arm's-length companies for the provision of services such as sport and leisure and theatres.

In 2018/19 the Council entered into a new operating lease arrangement with Edinburgh Trams for the lease of the tram infrastructure.

The future minimum lease payments receivable under non-cancellable leases in future years are:

	2018/19 £000	2017/18 £000
Not later than one year	21,239	12,683
Later than one year and not later than five years	72,298	39,978
Later than five years	324,856	149,919
	418,393	202,580

The Council has a number of leases that are agreed for a period of over 100 years, the majority of which relate to land.

NOTES TO THE FINANCIAL STATEMENTS

39. Public Private Partnerships and Similar Contracts

39.1 PPP - Education Projects

In 2001, the Council entered into a Public Private Partnership (PPP1) for the provision of school buildings, maintenance and other facilities with Edinburgh Schools Partnership. This agreement was supplemented by a further agreement in April 2004, which now requires Edinburgh Schools Partnership either to replace or substantially renovate ten primary, five secondary and two special schools, together with one close support unit and a community wing, and to maintain these schools to an agreed standard. When the agreement ends in July 2033 the schools will be handed to the Council with a guaranteed maintenance-free life of five years.

In April 2007, the Council entered into a second Public Private Partnership (PPP2) for the provision of school buildings, maintenance and other facilities with Axiom Education Limited. This required Axiom Education Limited to replace six secondary schools and two primary schools and to maintain these schools to a high standard. When the agreement ends in July 2038 the schools will be handed to the Council with an agreed major maintenance-free life of five years.

In December 2013, the Council entered in to an agreement with Hub South East Scotland for the provision of a new building for James Gillespie's High School. This has been procured using a Design, Build, Finance and Maintain (DBFM) agreement with Hub South East Scotland. The concession is due to terminate in July 2041.

Under the agreements the Council is committed to paying the following sums as detailed in the contractor's final bid model:

	Payment for Services £000	Reimburse. of Capital Expenditure £000	Interest £000	Total £000
Payable in 2019/20	19,701	8,206	18,310	46,217
Payable within two to five years	89,413	32,594	69,179	191,186
Payable within six to ten years	130,250	46,180	77,500	253,930
Payable within eleven to fifteen years	138,758	57,962	64,174	260,894
Payable within sixteen to twenty years	76,762	44,492	35,630	156,884
Payable within twenty one to twenty five years	1,561	6,631	1,203	9,395
	<u>456,445</u>	<u>196,065</u>	<u>265,996</u>	<u>918,506</u>

Payments due under the following schemes have been inflated by: 1.11% per annum for the PPP1 scheme, 1.67% per annum for the PPP2 scheme and 2.5% per annum for the James Gillespie's High School scheme, reflecting the terms of the separate contracts and assumed inflation of 2.5% per annum.

The amounts disclosed as reimbursement of capital expenditure are included in creditors and other long-term liabilities on the Balance Sheet. These are not subject to the above inflationary uplifts.

The unitary charges paid to the service providers include amounts to compensate them for the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to pay the service providers for capital expenditure incurred is as follows:

	2018/19 £000	2017/18 £000
Balance at 1 April	204,089	211,977
PPP unitary charge restatement adjustment	(1)	4
Repayments during the year	<u>(8,023)</u>	<u>(7,892)</u>
Balance at 31 March	<u>196,065</u>	<u>204,089</u>

NOTES TO THE FINANCIAL STATEMENTS

39. Public Private Partnerships and Similar Contracts

39.2 PPP - Residual Waste

In 2016, the Council entered into a twenty five year contract with FCC to supply residual waste treatment at Millerhill. The contract is a joint arrangement between the Council and Midlothian Council on an 80:20 split respectively. This contract became operational in April 2019.

Under the agreements the Council is committed to paying the following sums as detailed in the contractor's final bid model:

	Payment for Services £000	Reimburse. of Capital Expenditure £000	Interest £000	Prepayment £000	Total £000
Payable in 2019/20	4,801	6,125	3,505	(1,994)	12,437
Within two to five years	24,944	31,878	22,110	0	78,932
Within six to ten years	38,189	5,155	23,065	0	66,409
Within eleven to fifteen years	44,326	8,100	19,773	0	72,199
Within sixteen to twenty years	51,571	13,066	14,114	0	78,751
Within twenty one to twenty five years	60,842	20,388	4,932	0	86,162
Within twenty six to thirty years	1,581	379	(172)	0	1,788
	<u>226,254</u>	<u>85,091</u>	<u>87,327</u>	<u>(1,994)</u>	<u>396,678</u>

Payments due under the scheme have been inflated by 1.06% per annum reflecting the terms of the contracts.

39.3 Provision of Information Technology services

In 2015 the Council entered into a seven year contract with CGI for the provision of information technology services. This contract became operational on 1 April 2016.

Under the agreement the Council is committed to paying the following sums in cash terms (assuming an inflationary uplift):

Future Repayment Period	£000	Inflationary Uplift
2019/20	33,252	2.5%
2020/21 - 2022/23	<u>68,766</u>	2.5%
	<u>102,018</u>	

39.4 Provision of Parking Enforcement

The Council has entered into a five year contract with NSL for the provision of parking enforcement. The contract commenced on 1 October 2014 and ends on 30 September 2019. There is also a five year extension clause at the end of this period, which is currently under review.

Under the agreement the Council is committed to paying the following sums in cash terms (renegotiated annually):

Future Repayment Period	£000
2019/20	<u>3,327</u>
	<u>3,327</u>

NOTES TO THE FINANCIAL STATEMENTS

39. Public Private Partnerships and Similar Contracts - continued

39.5 Other Rolling Contracts

The Council has entered into a number of rolling contracts to provide services, which are mainly care orientated through 'Supporting People'. The annual value of these contracts is £32.564m.

40. Pension schemes accounted for as defined contribution schemes

The Scottish Teachers' Superannuation Scheme is an unfunded scheme administered by the Scottish Public Pensions Agency. The scheme is excluded from the accounting requirements of IAS 19 as it is a national scheme which does not allow for the identification of pension liabilities consistently and reliably between participating authorities. The accounts, therefore, only include the payments made by the Council to the scheme in year and do not reflect the estimated pension assets or liabilities of the scheme. The exception to this are payments in relation to unfunded pension enhancements for members of the scheme as they are administered through the Local Government Pension Scheme and are taken into consideration in accounting for pension costs under IAS 19.

	2018/19		2017/18	
	£000	%	£000	%
Amount paid to Scottish Government in respect of teachers' pension costs	22,873		21,971	
As a percentage of teachers' pensionable pay		17.20		17.20
Amount paid in respect of added years	0		0	
As a percentage of teachers' pensionable pay		0.00		0.00
Capitalised value of discretionary awards entered into prior to 2015/16	18,949		18,220	

At 31 March 2019, creditors include £3.673m (2017/18 £2.898m) in respect of teachers' superannuation.

41. Defined Pension Schemes

41.1 Participation in Pension Scheme

The Council makes contributions towards the cost of post-employment benefits. Although these benefits will not be payable until employees retire, the Council has a commitment to make payment for those benefits and to disclose them at the time that employees earn their future entitlement.

Employees other than teachers are eligible to join the Local Government Pension Scheme. The pension costs charged to Services in respect of these employees have been calculated under IAS 19 - Employee Benefits.

In terms of this scheme, in 2018/19 the Council paid an employer's contribution of £58.521m (2017/18 £54.042m) into the Lothian Pension Fund, representing 22.5% (2017/18 21.3%) of pensionable pay. Contribution rates are determined by the Fund's Actuary based on triennial actuarial valuations of the pension fund. The data is based on the latest available valuations as at March 2017.

NOTES TO THE FINANCIAL STATEMENTS

41. Defined Pension Schemes - continued

41.1 Participation in Pension Scheme - continued

The Fund's Actuary is unable to provide an analysis of IAS19 pension costs by individual service. The charge in the Comprehensive Income and Expenditure Statement applied against each service included in 'Cost of Services' reflects an apportionment of costs in line with the actual cash payments made by the Council to Lothian Pension Fund.

41.2 Transactions Relating to Post-Employment Benefits

The cost of pension benefits, as assessed by the Fund's Actuary and reflected within 'Cost of Services', differed from the cash payment to the Fund charged against Council Tax. The following summarises the entries reflected within the Comprehensive Income and Expenditure Statement in respect of accounting for pensions under IAS19. The amount by which pension costs calculated in accordance with IAS19 are different from the contributions due under the pension scheme regulations is included in the Movement in Reserves Statement.

	2018/19		2017/18	
	£000	£000	£000	£000
Comprehensive Income and Expenditure Statement				
<i>Cost of services:</i>				
Service cost, comprising:				
Current service costs	103,040		93,031	
Past service costs	318		287	
Effect of Settlements	<u>0</u>		<u>(1,569)</u>	
		103,358		91,749
<i>Financing and investment income:</i>				
Net interest expense		<u>13,527</u>		<u>18,762</u>
Total post employee benefit charged to the surplus on the provision of services		116,885		110,511
<i>Other post-employment benefits charges to the Comprehensive Income / Expenditure Statement</i>				
Re-measurement of the net defined liability, comprising:				
Return on plan assets, excluding the amount incl. in the net interest expense above.	(191,830)		77,350	
Actuarial (gains) and losses arising on changes in financial assumptions	259,230		(92,581)	
Actuarial (gains) and losses arising on changes in demographic assumptions	0		(8,303)	
Other experience	<u>4,375</u>		<u>(250,278)</u>	
		<u>71,775</u>		<u>(273,812)</u>
Total post-employment benefits charged to the Comprehensive Income / Expenditure Statement		<u>188,660</u>		<u>(163,301)</u>
Movement in Reserves Statement				
Reversal of net charges made to the surplus on the provision of services for post-employment benefits in accordance with the Code.		<u>(116,885)</u>		<u>(110,511)</u>
Actual amount charged against the General Fund Balance for pensions in the year:				
Employer's contributions payable to the scheme		59,815		54,403
Contributions in respect of unfunded benefits		<u>5,573</u>		<u>5,589</u>
		<u>65,388</u>		<u>59,992</u>

NOTES TO THE FINANCIAL STATEMENTS

41. Defined Pension Schemes - continued

41.3 Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligations in respect of its defined benefit plan is as follows:

	2018/19	2017/18
	£000	£000
Fair value of employer assets	2,978,862	2,720,975
Present value of funded liabilities	(3,503,495)	(3,124,427)
Present value of unfunded liabilities	<u>(81,132)</u>	<u>(79,041)</u>
Net liability arising from defined benefit obligation	<u>(605,765)</u>	<u>(482,493)</u>

41.4 Reconciliation of the Movements in the Fair Value of Scheme Assets

	2018/19	2017/18
	£000	£000
Opening fair value of scheme assets	2,720,975	2,747,964
Effect of settlements	0	(5,711)
Interest income	73,318	71,179
Re-measurement gain / (loss):		
Return on plan assets, excluding the amount included in the net interest expense	191,830	(77,350)
Contributions from employer	59,815	54,403
Contributions from employees into the scheme	16,446	15,508
Contributions in respect of unfunded benefits	5,573	5,589
Benefits paid	(83,522)	(85,018)
Unfunded benefits paid	<u>(5,573)</u>	<u>(5,589)</u>
Closing fair value of scheme assets	<u>2,978,862</u>	<u>2,720,975</u>

Reconciliation of Present Value of the Scheme Liabilities

	2018/19	2017/18
	£000	£000
Present value of funded liabilities	(3,124,427)	(3,368,139)
Present value of unfunded liabilities	<u>(79,041)</u>	<u>(85,611)</u>
Opening balance at 1 April	(3,203,468)	(3,453,750)
Current service cost	(103,040)	(93,031)
Interest cost	(86,845)	(89,941)
Contributions from employees into the scheme	(16,446)	(15,508)
Re-measurement gain / (loss):		
Change in financial assumptions	(259,230)	92,581
Change in demographic assumptions	0	8,303
Other experience	(4,375)	250,278
Past service cost	(318)	(287)
Effects of settlements	0	7,280
Benefits paid	83,522	85,018
Unfunded benefits paid	<u>5,573</u>	<u>5,589</u>
Closing balance at 31 March	<u>(3,584,627)</u>	<u>(3,203,468)</u>

NOTES TO THE FINANCIAL STATEMENTS

41. Defined Pension Schemes - continued

41.5 Fair Value of Employer Assets

The following asset values are at bid value as required under IAS19.

	2018/19 £000	%	2017/18 £000	%
Consumer *	316,950	11	372,813	14
Manufacturing *	366,515	12	405,093	15
Energy and Utilities *	225,038	8	170,219	6
Financial Institutions *	250,600	8	241,734	9
Health and Care *	161,843	6	133,399	5
Information technology *	97,024	3	165,884	6
Other *	<u>290,457</u>	10	<u>170,750</u>	6
Sub-total Equity Securities	<u>1,708,427</u>		<u>1,659,891</u>	
Debt Securities:				
UK Government *	302,669	10	263,793	10
Corporate Bonds (non-investment grade)	<u>0</u>	0	<u>53,015</u>	2
Sub-total Debt Securities	<u>302,669</u>		<u>316,808</u>	
Private Equity				
All *	0	0	8,672	0
All	<u>40,399</u>	1	<u>41,007</u>	2
Sub-total Private Equity	<u>40,399</u>		<u>49,679</u>	
Real Estate:				
UK Property	201,762	7	174,887	6
Overseas Property	<u>0</u>	0	<u>2,845</u>	0
Sub-total Real Estate	<u>201,762</u>		<u>177,732</u>	
Investment Funds and Unit Trusts:				
Equities *	29,426	1	26,153	1
Bonds	75,517	3	0	0
Infrastructure	369,763	12	322,478	12
Other	<u>0</u>	0	<u>6,215</u>	0
Sub-total Investment Funds and Unit Trusts	<u>474,706</u>		<u>354,846</u>	
Derivatives:				
Foreign Exchange *	<u>752</u>	0	<u>1,252</u>	0
Sub-total Derivatives	<u>752</u>		<u>1,252</u>	
Cash and Cash Equivalents				
All *	<u>250,148</u>	8	<u>160,768</u>	6
Sub-total Cash and Cash Equivalents	<u>250,148</u>		<u>160,768</u>	
Total Fair Value of Employer Assets	<u><u>2,978,862</u></u>	<u>100</u>	<u><u>2,720,975</u></u>	<u>100</u>

Scheme assets marked with an asterisk (*) have quoted prices in active markets.

NOTES TO THE FINANCIAL STATEMENTS

41. Defined Pension Schemes - continued

41.6 Basis for Estimating Assets and Liabilities

Hymans Robertson, the independent actuaries to Lothian Pension Fund, have advised that the financial assumptions used to calculate the components of the pension expense for the year ended 31 March 2019 were those from the beginning of the year (i.e. 31 March 2018) and have not been changed during the year. The main assumptions in the calculations are:

Investment returns

Actual return for period from 31 March 2018 to 28 February 2019	6.30%
Estimated return for period from 1 April 2018 to 31 March 2019	9.80%

Average future life expectancies at age 65:

	31.03.19	31.03.18
Current pensioners	male 21.7 years	21.7 years
Current pensioners	female 24.3 years	24.3 years
Future pensioners	male 24.7 years	24.7 years
Future pensioners	female 27.5 years	27.5 years

Period ended	31.03.19	31.03.18
Pension increase rate	2.5%	2.4%
Salary Increase rate	4.2%	4.1%
Discount rate	2.4%	2.7%

Estimation of defined benefit obligations is sensitive to the actuarial assumptions set out above. In order to quantify the impact of a change in the financial assumptions used, the Actuary has calculated and compared the value of the scheme liabilities as at 31 March 2019 on varying bases. The approach taken by the Actuary is consistent with that adopted to derive the IAS19 figures.

For example, to quantify the uncertainty around life expectancy, the Actuary has calculated the difference in cost to the Employer of a one year increase in life expectancy. For sensitivity purposes, this is assumed to be an increase in the cost of benefits of broadly 3-5%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption and changes in some of the assumptions may be interrelated.

Change in assumptions at 31 March 2019	Approximate % Increase to Employer	Approximate Monetary Amount £000
0.5% decrease in Real Discount Rate	10%	357,418
0.5% increase in the Salary Increase Rate	2%	61,058
0.5% increase in the Pension Increase Rate	8%	288,816

41.7 Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council agreed a contribution stability mechanism with the scheme's actuary until 31 March 2018. The rate was increased by 0.5% from 1 April 2018 and thereafter, for the remainder of the actuarial valuation period of two years, rates could vary from this rate by a maximum increase of 0.5% or a maximum decrease of (0.5%) per annum.

41.8 Information about the defined benefit obligation

	£000	%	Weighted Average Duration
Active members	1,728,264	49.3	24.8
Deferred members	484,541	13.8	24.7
Pensioner members	1,290,690	36.8	13.1
Total	3,503,495	100.0	19.5

NOTES TO THE FINANCIAL STATEMENTS

41. Defined Pension Schemes - continued

41.8 Information about the defined benefit obligation - continued

The figures are for funded obligations only and do not include the unfunded pensioner liabilities. The durations are effective as at the previous formal valuation as at 31 March 2017.

The unfunded pensioner liability at 31 March 2019 comprises approximately £62.183m (2017/18 £60.821m) in respect of LGPS unfunded pensions and £18.949m (2017/18 £18.220m) in respect of teachers' unfunded pensions. For unfunded liabilities as at 31 March 2019, it is assumed that all unfunded pensions are payable for the remainder of the member's life. It is further assumed that 90% of pensioners are married (or cohabiting) at death and that their spouse (cohabitee) will receive a pension between 37.5% and 50% of the member's pension as at the date of the member's death.

41.9 Pension Reserves - Group Position

The pension reserves shown in the Group Balance Sheet relate to the Council. Pension reserves for the Valuation Joint Board are included in unusable reserves. Local government legislation provides that local authorities have an obligation to meet the expenditure of the joint boards of which they are constituent members. As a consequence, the City of Edinburgh Council has obligations to meet the liabilities arising from the joint board pension deficits as they fall due. Pension reserves for other companies in the group are included in usable reserves. The value of the pension reserves is shown separately below.

	2018/19 Pension Reserve £000	2017/18 Pension Reserve £000
Unusable Reserves		
Council	(605,765)	(482,493)
Lothian Valuation Joint Board	(4,731)	(3,628)
	<u>(610,496)</u>	<u>(486,121)</u>
	2018/19 £000	2017/18 £000
Usable Reserves		
CEC Holdings	0	(567)
Capital Theatres (formerly Festival City Theatres Trust)	0	0
Edinburgh Leisure	(1,023)	(1,023)
Transport for Edinburgh Ltd	65,471	59,466
	<u>64,448</u>	<u>57,876</u>
Net Pension Reserves	<u>(546,048)</u>	<u>(428,245)</u>

41.10 Analysis of projected amount to be charged to profit or loss for the period to 31 March 2020

	Assets £000	Obligations £000	Net (liability) / asset £000	% of pay
Current service cost	0	(118,003)	(118,003)	(43.9%)
Past service cost including curtailments	0	0	0	0.0%
Effect of settlements	0	0	0	0.0%
Total Service Cost	0	(118,003)	(118,003)	(43.9%)
Interest income on plan assets	71,392	0	71,392	26.5%
Interest cost on defined benefit obligation	0	(86,557)	(86,557)	(32.2%)
Total Net Interest Cost	71,392	(86,557)	(15,165)	(5.7%)
Total included in Profit or Loss	<u>71,392</u>	<u>(204,560)</u>	<u>(133,168)</u>	<u>(49.6%)</u>

The Council's estimated contribution to Lothian Pension Fund for 2019/20 is £59.830m.

NOTES TO THE FINANCIAL STATEMENTS

41. Defined Pension Schemes - continued

41.11 Strain on the Pension Fund

Lothian Pension Fund has the right to require the Council to make additional payments to the pension fund to reflect the extra cost to the pension fund of immediate payment of benefits to employees who retire early on efficiency, redundancy or voluntary grounds. This amounted to £1.172m, including accrued payments (2017/18 £0.998m).

41.12 Further Information

Further information on Lothian Pension Fund can be found in the Council's Pension Fund's Annual Report which is available upon application to the Chief Executive Officer, Lothian Pension Fund, Atria One, 144 Morrison Street, Edinburgh, EH3 8EX.

42. Financial Instruments

Policy

Classifications

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes, benefits and government grants, do not give rise to financial instruments.

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council.

All of the Council's financial liabilities held during the year are measured at amortised cost and comprised:

- long-term loans from the Public Works Loan Board and commercial lenders,
- lease payables detailed in note 38,
- Private Finance Initiative contracts detailed in note 39, and
- trade payables for goods and services received.

Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council. The financial assets held by the Council during the year are accounted for under the following classifications:

Amortised cost (where cash flows are solely payments of principal and interest and the Council's business model is to collect those cash flow) comprising:

- o cash in hand,
- o current, call and notice accounts with banks
- o fixed term deposits with banks and building societies,
- o loans to other local authorities,
- o certificates of deposit and covered bonds issued by banks and building societies,
- o treasury bills and gilts issued by the UK Government,
- o trade receivables for goods and services provided.

Fair value through other comprehensive income (where cash flows are solely payments of principal and interest and the Council's business model is to both collect those cash flows and sell the instrument; and equity investments that the Council has elected into this category) comprising:

- o money market funds

Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Council.

NOTES TO THE FINANCIAL STATEMENTS

42. Financial Instruments - continued

Financial Assets - continued

Transition to IFRS 9 Financial Statements

The Council adopted IFRS9 Financial Instruments accounting standard with effect from 1 April 2019. The main changes include the reclassification of financial assets and the earlier recognition of the impairment of financial assets.

The Council has made use of the transitional provisions in IFRS 9 to not restate the prior year's financial statements, and the effect of the remeasurement is instead shown as an additional line in the Movement in Reserves Statement. The changes made on transition to the balance sheet are summarised below:

Financial Assets	IAS 39 31.3.18 £000	Reclassi - fication £000	Remeas - urement £000	IFRS 9 1.4.18 £000
Debtors				
Loans and receivables	870	0	0	0
Fair Value through Profit / Loss	0	870	(204)	666

42.1 Categories of Financial Instruments

The following categories of financial instrument are carried on the Council's Balance Sheet

	31.03.19		31.03.18	
	Long-Term £000	Current £000	Long-Term £000	Current £000
Investments				
At amortised cost	0	123,268	0	149,098
At fair value through profit and loss	0	25,959	0	26,836
Total investments	0	149,227	0	175,934

The Investment total does not include £22.3m (2017/18 £20.3m) in unquoted equity in subsidiary companies which are not deemed to be Financial Instruments.

Debtors

At amortised cost	118,708	68,471	105,549	60,375
Total debtors	118,708	0	0	60,375

Borrowings

Financial liabilities (principal amount)	(1,139,833)	(58,627)	(1,190,586)	(54,961)
Accrued interest	0	(15,116)	0	(16,009)
Cost of amortisation	(10,758)	21	(10,818)	24
Total borrowings	<u>(1,150,591)</u>	<u>(73,722)</u>	<u>(1,201,404)</u>	<u>(70,946)</u>

In August 2018, the Council undertook a fixed rate forward starting loan transaction. The Council has committed to drawing down a £60m loan in October 2020 repayable over 25 years on a semi annual annuity basis.

Other Long-Term Liabilities	Long-Term	
	31.03.19 £000	31.03.18 £000
PPP and finance lease liabilities	<u>(193,365)</u>	<u>(196,067)</u>
Deferred liability	<u>(37,201)</u>	<u>(25,223)</u>
Total other long-term liabilities	<u>(230,566)</u>	<u>(221,290)</u>

NOTES TO THE FINANCIAL STATEMENTS

42. Financial Instruments - continued

42.1 Categories of Financial Instruments - continued

Lothian Regional Council entered into an agreement for the disposal of Norton Park Annex to the Tudor Trust. The terms of the disposal included the creation of a Title Company with share capital of 100 ordinary shares, held by the Tudor Trust, and 350,000 £1 preference shares held by City of Edinburgh Council. The preference shares carry rights that, in the event of the company being wound up or the property sold, the Council will receive the first £0.35m of the sale proceeds. This is included in the Balance Sheet as a 'Deferred Liability' of £0.35m, and as a long-term investment.

Other deferred liabilities relate to income received in advance, which is required to be put on interest bearing deposit.

Further detail on the finance lease and PPP liabilities can be seen in notes 38 and 39.

	Current	
	31.03.19	31.03.18
	£000	£000
Creditors		
Financial liabilities at amortised cost	(26,901)	(20,328)
PPP and finance leases due within 1 year	<u>(8,580)</u>	<u>(8,022)</u>
Total creditors	<u><u>(35,481)</u></u>	<u><u>(28,350)</u></u>

The future liabilities for the Residual Waste PPP facility are not included above as the facility did not become operational until April 2019.

42.2 Income, Expenses, Gains and Losses

	Financial Liabilities: Measured at Amortised Cost £000	Financial Assets: Measured at Amortised Cost £000	Fair Value through Profit / Loss £000	Total £000
Interest expense	63,313	0	0	63,313
Impairment (gain) / loss	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total expense in Surplus on the Provision of Services	<u>63,313</u>	<u>0</u>	<u>0</u>	<u>63,313</u>
Interest income	0	(1,361)	(300)	(1,661)
Dividend Income	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Interest and investment income	<u>0</u>	<u>(1,361)</u>	<u>(300)</u>	<u>(1,661)</u>
Net (gain) / loss for the year	<u><u>63,313</u></u>	<u><u>(1,361)</u></u>	<u><u>(300)</u></u>	<u><u>61,652</u></u>

In addition to the above interest expense, £1.849m (2017/18 £1.849m) was charged to the loans pool from the financial instruments adjustment account during the year, but not reflected in the Comprehensive Income and Expenditure Statement. It also excludes £0.427m (2017/18 £0.208m) of loans fund expenses charged to the Council.

Dividend income of £7m (2017/18 £6.18m) was received from a subsidiary council company but not included in the table above as the holding is not classified as a financial instrument.

42.3 Fair Value of Assets and Liabilities

The Council has adopted IFRS 13 for the calculation of fair values. Financial assets classified as available for sale are carried in the Balance Sheet at fair value. For Treasury Bills and shares in Money Market Funds, the fair value is taken from the market price. Financial assets classified as loans and receivables and all financial liabilities are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2019, using the following methods and assumptions:

- Loans, including PWLB loans, borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The value of "Lender's Option Borrower's Option" (LOBO) loans has been increased by the value of the embedded options.

NOTES TO THE FINANCIAL STATEMENTS

42. Financial Instruments - continued

42.3 Fair Value of Assets and Liabilities - continued

- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March.
- The fair values of finance lease assets and liabilities and of PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield.
- The fair value of soft loan assets has been calculated using the cash flows implied by the appropriate market interest rate which has been deemed to be the appropriate PWLB rate plus a credit spread of between 2% and 5% depending on the party to whom the advance has been made.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount.

Fair values are shown in the table below, split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices.
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments.
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness.

The fair values are calculated as follows:

	Fair Value Level	31.03.19		31.03.18		
		Principal Outstanding £000	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Public Works Loans Board	2	(922,192)	(933,843)	(1,221,824)	(981,692)	(1,283,157)
Salix	2	(1,368)	(1,313)	(1,290)	(1,462)	(1,484)
Market debt	2	<u>(274,900)</u>	<u>(289,157)</u>	<u>(523,985)</u>	<u>(289,195)</u>	<u>(535,839)</u>
Borrowings		(1,198,460)	(1,224,313)	(1,747,099)	(1,272,349)	(1,820,480)
Other long-term liabilities	n/a	(37,201)	(37,201)	(37,201)	(25,223)	(25,223)
Trade creditors	n/a	(26,901)	(26,901)	(26,901)	(20,328)	(20,328)
PPP and Finance Leases	3	<u>(201,944)</u>	<u>(201,944)</u>	<u>(287,327)</u>	<u>(204,089)</u>	<u>(276,650)</u>
Financial liabilities		<u>(1,464,506)</u>	<u>(1,490,359)</u>	<u>(2,098,528)</u>	<u>(1,521,989)</u>	<u>(2,142,681)</u>

The fair value is higher than the carrying amount because the authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date.

	Fair Value Level	31.03.19		31.03.18	
		Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Investments held at Fair Value through Profit and Loss					
Money Market Funds	1	25,959	25,959	26,836	26,836
		<u>25,959</u>	<u>25,959</u>	<u>26,836</u>	<u>26,836</u>
Investment held at Amortised Cost					
Bank Call Accounts	n/a	32,936	32,936	19,415	19,415
Local Authority Loans	2	90,332	90,267	129,683	129,723
		<u>123,268</u>	<u>123,203</u>	<u>149,098</u>	<u>149,138</u>
Debtors					
Loan Stock	n/a	2,339	2,339	6,445	6,445
Soft Loans	3	55	55	992	992
Other trade debtors	n/a	68,471	68,471	60,375	60,375
		<u>70,865</u>	<u>70,865</u>	<u>67,812</u>	<u>67,812</u>
Total Investments		<u>220,092</u>	<u>220,027</u>	<u>243,746</u>	<u>243,786</u>

NOTES TO THE FINANCIAL STATEMENTS

42. Financial Instruments - continued

42.4 Financial Assets classified as Fair Value through Profit and Loss

As part of the introduction of IFRS9, a further review of the classification of Financial Instruments has been undertaken and as a result, investment in Money Market Funds have been reclassified from Available for Sale to Fair value through Profit and Loss. The Council's shareholding (of £23.340m) in subsidiary companies which was previously classified as 'Unquoted Equity at cost' continue to be held at cost and are no longer classified as financial instruments.

	Fair Value Level	31.03.19	Fair Value	31.03.18	Fair Value
		Carrying Amount £000	£000	Carrying Amount £000	£000
Investments held at Fair Value through Profit and Loss					
Money Market Funds	1	25,959	25,959	26,836	26,836
		<u>25,959</u>	<u>25,959</u>	<u>26,836</u>	<u>26,836</u>

There was no unrealised gain on the available for sale financial assets (2017/18 £nil).

43. Nature and Extent of Risks Arising from Financial Instruments

43.1 Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The Council complies with the CIPFA Prudential Code and has adopted the CIPFA Treasury Management in the Public Services Code of Practice. Overall these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice;
- by approving annually in advance prudential indicators for the following three years limiting:
 - the Council's overall borrowing;
 - its maximum and minimum exposures to fixed and variable rates;
 - its maximum and minimum exposures in the maturity structure of its debt;
- by selecting investment counterparties in compliance with the Council's Treasury Policy Statement.

The annual treasury management strategy which incorporates the prudential indicators was approved by the Council on 14 March 2019 and is available on the Council website. The key issues within the strategy are:

- The authorised limit for 2019/20 has been set at £2.205bn. This is the maximum limit for external borrowings and other short and long term liabilities.
- The operational boundary for 2019/20 has been set at £1.919bn. This is the expected upper level of borrowing and other short and long term liabilities during the year.

The prudential indicators are reported and approved as part of the Council's annual budget setting process. Actual performance is also reported annually to members of the Council.

43.2 Key Risks

The Council's activities expose it to a variety of financial risks, the key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- Re-financing risk – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

NOTES TO THE FINANCIAL STATEMENTS

43. Nature and Extent of Risks Arising from Financial Instruments - continued

43.3 Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are with banks, building societies, and other institutions in line with the Council's prevailing counterparty limits as set out in the Council's treasury policy statement. Investment decisions are considered daily as part of the daily cash flow management by the Council's Treasury Team who can, and do, restrict the list further in light of market conditions.

The Council's funds are managed along with those of Lothian Pension Fund and some other related organisations which are pooled for investment purposes as a treasury cash fund. Management of the cash fund is on a low risk, low return basis, with security of the investments the key consideration while at the same time seeking innovative and secure cash investment opportunities. This arrangement has allowed a better management of the Council's risk in the exceptional financial and market circumstances in recent years.

As well as lending monies to other local authorities, the Council purchases UK Government Treasury Bills and has previously purchased Bonds and Floating Rate Notes with an explicit UK Government Guarantee. At 31 March 2019, the Council had £17.1m in short term investments, all of which were loans to other local authorities. Of the net Cash and Cash Equivalents, 55.4% were loans to other local authorities, a further 19.6% was held in two AAA rated Money Market Funds, leaving only 25.0% with banks. All of the monies held on deposit with banks at 31 March 2019 were in call or near call accounts.

The principal outstanding on monies held by the Council under its treasury management arrangements at 31 March 2019 was £149.1 million (31 March 2018: £175.8m). This was held with the following institutions:

	Standard and Poor's Rating	Principal Outstanding 31.03.19 £000	Carry Value 31.03.19 £000	Fair Value 31.03.19 £000	Carry Value 31.03.18 £000
Summary					
Money Market Funds					
Deutsche Bank AG, London	AAAm	4,004	4,006	4,006	760
Goldman Sachs	AAAm	59	59	59	1
Standard Life	AAAm	21,884	21,895	21,895	26,075
Bank Call Accounts					
Bank of Scotland	A	14,671	14,678	14,678	17,371
Royal Bank of Scotland	BBB+	577	577	577	640
Santander UK	A	1	1	1	462
Barclays Bank	A-	13	13	13	14
Svenska Handelsbanken	AA-	7	7	7	862
HSBC Bank Plc 31 dn	AA-	17,642	17,647	17,634	0
HSBC Bank Plc	AA-	14	14	14	65
UK Pseudo-Sovereign Risk Instruments					
Local Authorities (see below)	n/a	90,227	90,332	90,267	129,683
UK Government Treasury Bills	Aaa	0	0	0	0
Total		149,099	149,229	149,151	175,933

Local Authorities are generally assumed to have a pseudo-sovereign credit rating (which in the UK at 31 March 2019 would have been 'AA' from S&P) due to their tax raising powers and the perceived government support. Very few have their own credit rating.

The Council's maximum exposure to credit risk in relation to its direct investments in banks and building societies of £32.9m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but the Council takes a low risk approach to investment. There was no evidence at 31 March 2019 that this risk was likely to crystallise.

NOTES TO THE FINANCIAL STATEMENTS

43. Nature and Extent of Risks Arising from Financial Instruments - continued

43.3 Credit Risk - continued

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits. In October 2008 the Icelandic banking sector defaulted on its obligations. The Council has never had any exposure to Icelandic banks and had no investment in the sector at that time.

In line with the Investment Regulations governing local authorities introduced in 2010, the Council approved an annual investment strategy and treasury policy statement for both the Council and the Cash Fund at its March 2019 meeting. The papers are available on the Council's website. A full list of the deposits outstanding at 31 March 2019 is contained in the Treasury Cash Fund Investment Report for Quarter 1 2019. This is available on request from the Council's Treasury Section - Waverley Court, 4 East Market Street, Edinburgh, EH8 8BG.

All Council invoices become due for payment on issue. Excluding pre-payments of £2.246m (2017/18 £2.172m), trade debtors past due date can be analysed by age as follows:

	2018/19 £000	2017/18 £000
Less than two months	12,325	14,355
Two to four months	1,774	1,805
Four to six months	977	716
Six months to one year	2,153	1,928
More than one year	6,566	7,555
Total	<u>23,795</u>	<u>26,359</u>

Collateral – During the reporting period the Council held no collateral as security.

Credit Risk: Trade Debtors

Loss allowances on debtors have been calculated by reference to the Council's historic experience of default.

Debtors are collectively assessed for credit risk in the following groups:

		31.3.19	
		Gross	Loss
		Range	Receivable Allowance
Council Tax	3% - 100%	201,454	(185,372)
Non Domestic Rates	1% - 100%	2,940	(1,720)
HRA tenants and other debtors	1% - 90%	8,255	(5,773)
Housing Benefits	75% - 85%	26,285	(20,763)
Sundry debtors	1% - 80%	38,302	(19,097)
Total		<u>277,236</u>	<u>(232,725)</u>

43.4 Liquidity risk

The Council carries out short and medium term cash flow management to ensure that it will have sufficient liquidity to cover all of its payment obligations. This includes monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs. The Council also has ready access to borrowings from the money markets to cover any day to day cash flow needs. It is anticipated that some short to medium term borrowing may be required within the next financial year to meet cashflow and working capital requirements. This will be managed as part of the Council's short- and medium-term cashflow monitoring as required.

NOTES TO THE FINANCIAL STATEMENTS

43. Nature and Extent of Risks Arising from Financial Instruments - continued

43.4 Liquidity risk - continued

Whilst the PWLB provides access to longer term funds, it also acts as a lender of last resort to the Council. The Council is also required by statute to achieve a balanced budget, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through cash flow management procedures required by the Code of Practice.

43.5 Re-financing and Maturity Risk

The Council maintains significant debt and investment portfolios. The re-financing risk to the Council relates to managing the exposure to replacing financial instruments as they mature. As shown in the chart in 43.6, the majority of the Council's debt portfolio consists of fixed rate longer term loans, and as such, the Council has a relatively low re-financing risk on its liabilities. However, the Council has market debt which allows the lender the option to ask for a rate increase at set dates and at that point the Council may choose to repay the loan at no additional cost. This gives a potential re-financing risk which the Council monitors and manages.

The Council's approved treasury strategy addresses the main risks and the treasury team address the operational risks within approved parameters. This includes monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt. With the margin on new borrowing rates and a separate rate for the premature repayment of loans, it is unlikely that there will be much scope for any substantial rescheduling of PWLB debt. However the Council is in on-going discussion with institutions over the potential to restructure some of the Council's market debt.

The maturity analysis of the principal outstanding on the Council's debt is as follows:

	2018/19 £000	2017/18 £000
Less than one year	(67,207)	(62,982)
Between one and two years	(64,441)	(61,787)
Between two and five years	(155,116)	(174,166)
Between five and ten years	(252,800)	(270,794)
More than ten years	<u>(860,841)</u>	<u>(879,907)</u>
Financial Liabilities	<u><u>(1,400,405)</u></u>	<u><u>(1,449,636)</u></u>

All trade and other payables are due to be paid in less than one year and trade creditors of £26.900m (2017/18 £20.328m) are not shown in the table above. The above figures show the principal outstanding, therefore, neither accrued interest of £15.116m (2017/18 £16.009m) nor net equivalent interest rate (EIR) adjustments of £10.737m (2017/18 £10.793m) to the carrying amounts of market debt shown in the financial liabilities are included.

The only investment which the Council has with a maturity of greater than one year is £2.339m in EDI loan stock.

43.6 Market risk

Interest rate risk

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- borrowings at fixed rates – the fair value of the borrowing liability will fall;
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- investments at fixed rates – the fair value of the assets will fall.

NOTES TO THE FINANCIAL STATEMENTS

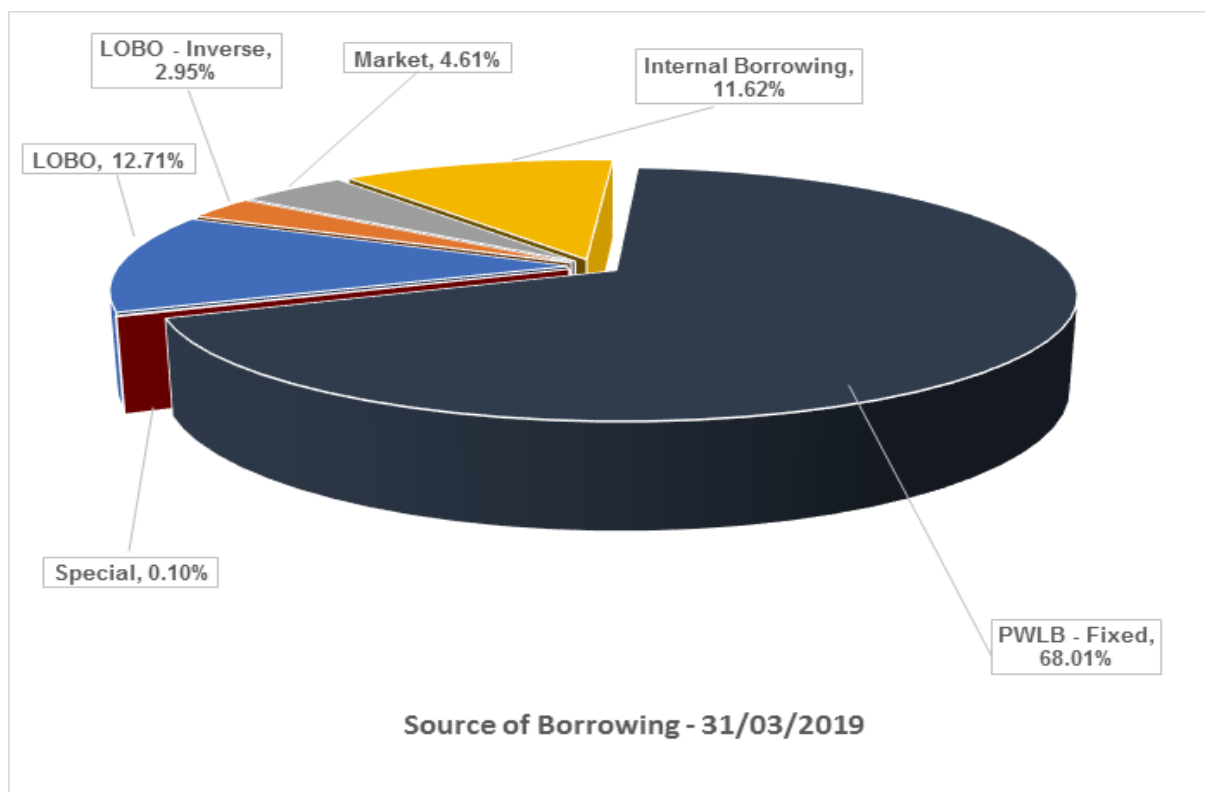
43. Nature and Extent of Risks Arising from Financial Instruments - continued

43.6 Market risk - continued

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement or Movement in Reserves Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure Statement and affect the General Fund Balance, subject to influences from Government grants. Movements in the fair value of fixed rate investments will be reflected in the Movement in Reserves Statement, unless the investments have been designated as fair value through the Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The annual treasury management strategy includes a forecast for short and longer term interest rates. The treasury team continue to monitor market and forecast interest rates during the year and adjust investment policies accordingly. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns. Any such strategy is run within the short and medium term liquidity requirements of the Council.

The following chart shows the source of the Council's borrowing. Most of the Council's borrowings are from the Government by way of the Public Works Loans Board (PWLB). As interest rates are historically low, none of the PWLB borrowing was variable rate.



In addition to the borrowing in the chart above, in August 2018, the Council undertook a fixed rate forward starting loan transaction. The Council has committed to drawing down a £60m loan in October 2020 repayable over 25 years on a semi annual annuity basis. The purpose of the transaction was to mitigate the interest rate risk on the Council's future capital financing requirement.

NOTES TO THE FINANCIAL STATEMENTS

43. Nature and Extent of Risks Arising from Financial Instruments - continued

43.6 Market risk - continued

If all interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£000
Increase in interest payable on variable borrowings	0
Increase in interest receivable on variable rate investments	(854)
Impact on Comprehensive Income and Expenditure Statement	(854)
Increase in Government grant receivable for financing costs	0
Share of overall impact debited to the HRA	0
Decrease in fair value of fixed rate investment assets	0
Decrease in fair value of fixed rate borrowings liabilities	257,132

Price Risk

The Council does not generally invest in equity shares but does have shareholdings of £23.340m (2017/18 £20.280m) in a number of Council owned Companies and joint ventures. Whilst these holdings are generally illiquid, the Council is exposed to losses arising from movements in the prices of the shares.

As the shareholdings have arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio.

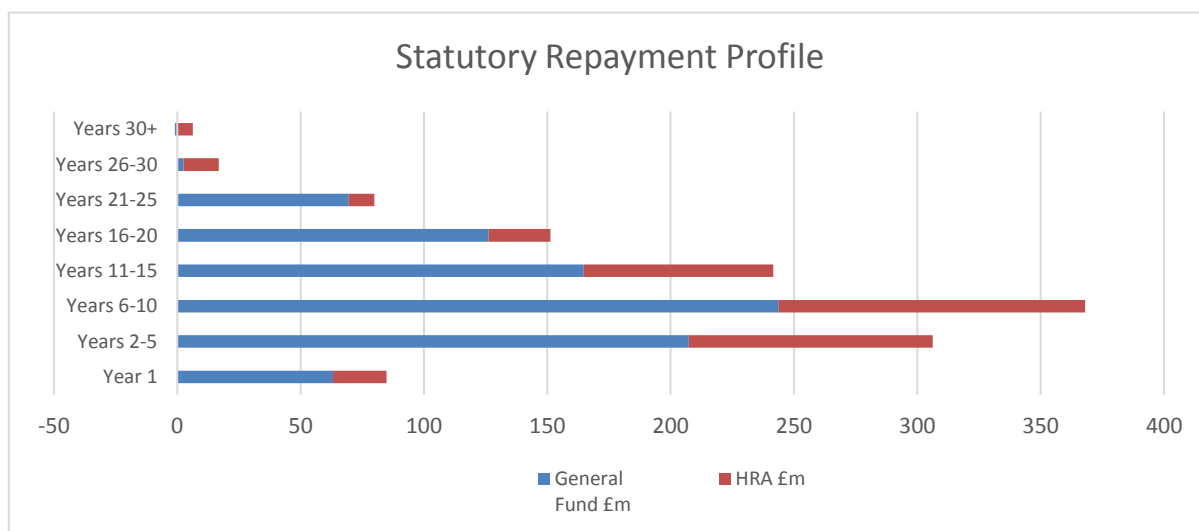
Foreign exchange risk

The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

43.7 Repayment Profile

The Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016 require the statutory loans fund to be administered in accordance with the 2016 Regulations, proper accounting practices and prudent financial management.

The Council operates a consolidated loans fund under the terms of these Regulations. Capital payments made by services are financed by capital advances from the loans fund. All advances from the loans fund in the current year have a repayment profile set out using Option 1, the statutory method. All capital advances from the loans fund are repaid using the previous hybrid annuity structure with fixed principal repayments. The Council operates the loans fund to manage historic debt and the balance therefore represents historic borrowing for capital spend.



NOTES TO THE FINANCIAL STATEMENTS

44. The City of Edinburgh Council Charitable Funds

The City of Edinburgh Council administers a number of charitable funds. Over the last few years, the Council has rationalised the number of charitable trusts down from over a hundred to six, with Usher Hall Conservation Trust wound-up in 2017/18 and further plans in place to wind up the Boyd Anderson Trust in 2019/20.

44.1 The funds are:

	Scottish Charity Registration Number	Market Value 31.03.19 £000	Market Value 31.03.18 £000
Scottish Registered Charities			
Lauriston Castle	SC020737	7,043	7,041
Jean F. Watson	SC018971	6,424	6,311
Edinburgh Education Trust	SC042754	1,021	948
Nelson Halls	SC018946	241	228
The Royal Scots Trust	SC018945	34	32
Boyd Anderson	SC025067	105	109
Total market value		<u>14,868</u>	<u>14,669</u>

These funds do not represent assets of the Council and are not included in the Consolidated Balance Sheet.

44.2 Financial Position of the Scottish Registered Charity Funds

2017/18 Income and Expenditure Account £000	2018/19 £000
Income	
89 Investment income	79
0 Other non-investment income	26
<u>89</u>	<u>105</u>
Expenditure	
(87) Prizes, awards and other expenses	(22)
(13) Governance Costs	(16)
<u>(100)</u>	<u>(38)</u>
<u>(11) Surplus / (Deficit) for the year</u>	<u>67</u>
2017/18 Balance Sheet £000	
Long-Term Assets	
2,075 Investments	2,207
5,275 Artworks - Jean F Watson Trust	5,317
7,020 Heritable property	7,020
<u>14,370 Total Long-Term Assets</u>	<u>14,544</u>
Current Assets	
313 Cash and bank	331
16 Debtors	20
<u>329</u>	<u>351</u>
Current Liabilities	
(30) Creditors	(27)
<u>(30)</u>	<u>(27)</u>
<u>14,669 Total Assets less Liabilities</u>	<u>14,868</u>
Funds	
3,293 Capital at 1 April	3,291
(11) Surplus / (Deficit) for the year	67
9 Realised and unrealised gains on investments	132
0 Realised and unrealised losses on investments	0
<u>3,291</u>	<u>3,490</u>
<u>11,378 Revaluation reserve</u>	<u>11,378</u>
<u>14,669 Funds at 31 March</u>	<u>14,868</u>

At the request of the Office of the Scottish Charity Regulator, a separate Trustee's Report and Accounts have been prepared which give further information on the Scottish registered charities in the trusteeship of the Council. A copy of this document may be obtained from the Council's Finance Division at Business Centre 2.6, Waverley Court, 4 East Market Street, Edinburgh, EH8 8BG or on the Council's [website](#) in due course.

HOUSING REVENUE ACCOUNT

INCOME AND EXPENDITURE STATEMENT for the year ended 31 March 2019

The Housing Revenue Account (HRA) Income and Expenditure Statement shows in more detail the income and expenditure on HRA services included in the Council's Comprehensive Income and Expenditure Statement.

2017/18 £000	EXPENDITURE	2018/19 £000	£000
27,964	Repairs and maintenance	33,823	
19,132	Supervision and management	19,282	
21,356	Depreciation and impairment of non-current assets	21,446	
5,627	Other expenditure	5,873	
(40)	Impairment of debtors	43	
74,039			80,467
	INCOME		
(96,050)	Dwelling rents	(97,455)	
(47)	Non-Dwelling rents (gross)	(41)	
(5,343)	Other income	(7,539)	
(101,440)			(105,035)
(27,401)	Net income for HRA Services (as included in the Council's Comprehensive Income and Expenditure Statement)		(24,568)
208	HRA share of corporate and democratic core		150
1,021	HRA share of other amounts included in the Council's Net Cost of Services but not allocated to specific services		1,104
(26,172)	Net income for HRA Services		(23,314)
	HRA share of other operating expenditure included in the Council's Comprehensive Income and Expenditure Statement		
3,467	(Gain) / loss on sale of HRA fixed assets	(2,381)	
0	Investment Property changes in fair value	(60)	
19,092	Interest payable and similar charges	18,330	
2,306	Interest cost on defined benefit obligation (<i>pension-related</i>)	2,290	
(57)	Interest and investment income	(114)	
(1,825)	Interest income on plan assets (<i>pension-related</i>)	(1,934)	
(11,280)	Capital grants and contributions	(24,788)	
11,703			(8,657)
(14,469)	Surplus for the year on HRA services		(31,971)

HOUSING REVENUE ACCOUNT

MOVEMENT ON THE HRA STATEMENT

2017/18 £000		2018/19 £000
0	Balance on the HRA at the end of the previous year	0
14,469	Surplus for the year on the HRA Income and Exp Account	31,971
(23,511)	Adjustments between accounting basis and funding basis under statute	(58,013)
<u>(9,042)</u>	Net increase before transfers to reserves	<u>(26,042)</u>
9,042	Contribution (to) / from renewal and repairs fund, via the General Fund	<u>26,042</u>
<u><u>0</u></u>	Balance on the HRA at the end of the current year	<u><u>0</u></u>

Adjustments Between Accounting Basis and Funding Basis Under Regulations

£000		£000
	Adjustments primarily involving the Capital Adjustment Account	
	Reversal of items debited or credited to the Income and Expenditure Statement	
21,356	Charges for depreciation and impairment of non-current assets	21,446
(11,280)	Capital grants and contributions applied	(24,788)
0	Movement in the market value of investment properties	(60)
	Insertion of items not debited or credited to the Income and Expenditure Statement	
(18,290)	Statutory provision for the financing of capital investment	(20,115)
(19,474)	Capital funded from revenue	(32,800)
	Adjustments primarily involving the Capital Receipts Reserve	
3,467	Transfer of cash sale proceeds credited as part of the gain / loss on disposal of assets	(2,382)
	Adjustments primarily involving the Financial Instruments Adjustment Account	
(536)	Amount by which finance costs charged are different from finance costs chargeable in the year in accordance with statutory requirements	(567)
	Adjustments primarily involving the Pensions Reserve	
2,377	Reversal of items relating to retirement benefits debited or credited to the Income and Expenditure Statement	2,711
(1,128)	Employer's pension contributions and direct payments to pensioners payable in the year	(1,502)
	Adjustments primarily involving the Employee Statutory Adjustment Account	
(3)	Amount by which officer remuneration charged to the Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	44
<u><u>(23,511)</u></u>		<u><u>(58,013)</u></u>

HOUSING REVENUE ACCOUNT

Notes to the Housing Revenue Account

1. The number and types of dwellings in the authority's housing stock at 31 March 2019 are as follows:

Types of Houses	2019		2018	
	Number	Annual Average Rent (£)	Number	Annual Average Rent (£)
Main provision Council dwellings				
1 Apartment	285	3,970.00	279	3,891.00
2 Apartment	5,499	4,443.00	5,312	4,351.00
3 Apartment	10,103	5,159.00	9,753	5,043.00
4 Apartment	3,460	5,944.00	3,306	5,806.00
5 Apartment	514	6,366.00	496	6,241.00
6 Apartment	9	6,413.00	9	6,287.00
7 Apartment	4	6,212.00	4	6,090.00
8 Apartment	1	6,212.00	1	6,090.00
Mid-market rent dwellings				
2 Apartment	23	5,780.00	22	5,659.00
3 Apartment	84	7,098.00	81	6,966.00
4 Apartment	22	8,946.00	22	8,770.00
	<u>20,004</u>		<u>19,285</u>	

The stock figure represents all types of residential properties, including furnished tenancies, sheltered housing and homelessness units.

- The amount of rent arrears included as debtors in the Council's Consolidated Balance Sheet was £6.907m (£6.876m 2017/18) against which a provision amounting to £5.773m (£5.730m 2017/18), has been created in respect of non collectable debts.
- The total value of uncollectable void rents for main provision properties was £0.624m (2017/18 £0.566m). This has been netted against rental income.

COUNCIL TAX INCOME ACCOUNT

The Council Tax Income Account (Scotland) shows the gross income raised from council taxes levied and deductions made under Statute. The resultant net income is transferred to the Comprehensive Income and Expenditure Statement.

for the year ended 31 March 2019

2017/18 £000		2018/19 £000	£000
(337,413)	Gross council tax levied and contributions in lieu		(351,763)
53,825	Less: - Exemptions and other discounts	56,620	
8,481	- Provision for bad debts	8,827	
24,217	- Council Tax Reduction Scheme	24,294	
3,766	- Other reductions	4,091	
<u>90,289</u>			<u>93,832</u>
(247,124)			(257,931)
<u>(2,123)</u>	Previous years' adjustments		<u>(1,504)</u>
<u>(249,247)</u>	Total transferred to General Fund		<u>(259,435)</u>

Notes to the Council Tax Income Account

The in-year collection rate for Council Tax was 97.0% (2017/18 96.8%).

Each household or occupied dwelling is allocated to a Council Tax band by the Assessor. The charge per Council Tax band is calculated as a proportion of band D - these proportions are determined by legislation. Bands E to H were rebased in 2017/18 by the Scottish Government as per the Council Tax Base table below, with a 3% increase applied to Council Tax in both 2017/18 and 2018/19.

Unoccupied properties are eligible for 10% discount for up to 12 months, from the date the property was last occupied, thereafter 100% additional charge, with certain exceptions. For Council Tax purposes, students and certain other categories of people are not regarded as occupants. Reductions in Council Tax payable are also granted to properties, with certain attributes, that are the sole and main residence of permanently disabled persons.

Charges in respect of water and sewerage are the responsibility of Scottish Water. The Council collects both water and sewerage charges and makes payment to the Water Authority.

Calculation of the Council Tax Base 2018/19

Band	Number of Properties	Disabled Relief	Exemptions	Discounts	Effective Properties	Ratio to Band D	Band D Equivalents	Charges per Band
A Up to £27,000	23,994	73	3,718	3,387	16,962	6/9	11,308	£826.79
B £27,001 - £35,000	47,568	67	3,557	6,828	37,250	7/9	28,972	£964.59
C £35,001 - £45,000	44,506	(14)	3,037	5,426	36,029	8/9	32,026	£1,102.39
D £45,001 - £58,000	39,890	68	2,748	4,276	32,934	9/9	32,934	£1,240.19
E £58,001 - £80,000	42,203	(12)	3,726	3,783	34,682	473/360	45,568	£1,629.47
F £80,001 - £106,000	25,698	(36)	1,576	1,988	22,098	585/360	35,909	£2,015.31
G £106,001 - £212,000	21,886	(119)	511	1,288	19,968	705/360	39,104	£2,428.71
H Over £212,000	4,065	(27)	143	190	3,705	882/360	9,077	£3,038.47
							234,898	
							511	
							<u>(7,062)</u>	
							<u>228,347</u>	

NON-DOMESTIC RATES INCOME ACCOUNT

The Non-Domestic Rate Account is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Non-Domestic Rate Account. The statement shows the gross income from the rates and deductions made under statute. The net income is paid to the Scottish Government as a contribution to the national Non-Domestic Rate pool.

for the year ended 31 March 2019

2017/18		2018/19	
£000		£000	£000
(461,111)	Gross rates levied and contributions in lieu		(476,081)
99,998	Less: - Reliefs and other deductions	103,459	
4,794	- Uncollectable debt written off and provision for impairment	4,904	
<u>104,792</u>			<u>108,363</u>
(356,319)			(367,718)
7,305	Previous years' adjustments		7,867
<u>(349,014)</u>	Net Non-Domestic Rates Income		<u>(359,851)</u>
Allocated to:			
(349,501)	Contribution to National Non-Domestic Rates Pool		(360,532)
487	Adjustments for years prior to introduction of National Non-Domestic Rates Pool		681
<u>(349,014)</u>			<u>(359,851)</u>

Notes to the Non-Domestic Rates Income Account

Rateable Values as at 1 April 2018		Number	Rateable Value £000
Shops, offices and other commercial subjects		15,905	655,234
Industrial and freight transport		2,816	81,395
Telecommunications		6	23
Public service subjects		359	50,154
Miscellaneous		3,923	175,605
		<u>23,009</u>	<u>962,412</u>

Contribution to / from National Non-Domestic Rates Pool

The contribution to the National Non-Domestic Rates Pool of £360.532m (2017/18 £349.501m) is the non-domestic rates contributed by the Council through pooling arrangements for government grant purposes. The amount distributed to the Council under these arrangements was £340.474m (2017/18 £355.063m).

With effect from 2011/12, authorities retain in full the income raised locally up to the baseline level assumed in the Local Government Financial Settlement. Any variation from this assumed level is then met by means of a corresponding transfer of funds to or from the Scottish Government. No payment was received under the Business Rates Incentivisation Scheme during the year.

Poundage

Occupiers of non-domestic property pay rates based on the valuation of the property within the valuation roll for Edinburgh. The non-domestic rate poundage is determined by the Scottish Ministers, and was 48.0p per £ in 2018/19 (2017/18 46.6p per £).

Properties with a rateable value greater than £51,000 (2017/18 £35,000) had their rate charges calculated using the poundage of 50.6p per £ (2017/18 49.2p per £).

From 1 April 2008, the Scottish Government introduced the Small Business Bonus Scheme. Business properties with a rateable value of £18,000 or less are entitled to receive relief as set out below:

100% Relief	below	£15,000
25% Relief	£15,001 to	£18,000
Upper limit for combined rateable value		£35,000

COMMON GOOD FUND

Common Good Fund Foreword

The Common Good Fund stands separate from the Council's accounts and has been described as "the ancient patrimony of the community". It was originally derived from the grants by the Sovereigns of Scotland at various times. The present fund is an amalgam of the funds of the City and Royal Burgh of Edinburgh and the Royal Burgh of South Queensferry.

A report on the (Edinburgh) Common Good prepared by the Town Clerk and City Chamberlain in 1905 set out the historical background of the fund and listed its then assets in some detail. The report also stated a "General Principle" that the Fund should be administered "for the purpose of upholding the dignity and suitable hospitality of the City; performing the duties incumbent upon a Royal Burgh maintaining the municipal establishment and managing the municipal affairs; vindicating or extending the corporate rights of the community and defending its interests; acquiring additional land or property for the corporate benefit, or improving existing corporation property, and generally for any purpose which, in the bona fide judgement of the Town Council, is for the good of the community as a whole, or in which the inhabitants at large may share, as distinct from the separate interests or benefit of any particular individual or class, however deserving or needy. The purpose must be limited to those which concern the City and its interests".

The Local Government etc. (Scotland) Act 1994 confirms this interpretation that use of the Fund shall "have regard to the interests of all the inhabitants" of the area.

The Common Good accounts are prepared in accordance with the Council's accounting policies as detailed in Note 1.

In **2015/16**, £2m of the Common Good Fund was earmarked to be utilised to fund a planned property maintenance programme. £111,000 of this funding has been used to fund Scott Monument lighting work and £33,000 on surveys and work at the City Observatory.

The resulting balance of the Common Good Fund is £2.352m as at 31 March 2019 (£2.387m 2017/18). This is split £0.496m in the fund and £1.856m in the planned property maintenance fund.

During 2018/19, the Council made a deficit of £0.035m on the Common Good fund. This is mainly due to no asset disposals in the financial year and other income and overheads remaining stable.

The **Common Good Annual Performance Report** is considered by the Finance and Resources Committee in September each year along with the Audited Annual Accounts.

COMMON GOOD FUND - INCOME AND EXPENDITURE ACCOUNT

2017/18		2018/19	
£000		£000	£000
Income			
(9)	Interest and investment income	(16)	
(1,591)	Rent Income	(1,684)	
(1,455)	Capital Funding	(1,189)	
(2,812)	Recharges Income	(1,680)	
<u>(5,867)</u>	Total Income	<u>(4,569)</u>	
Expenditure			
24	Common Good Fund	51	
5,858	Common Good Property Costs	4,553	
<u>5,882</u>	Total Expenditure		4,604
<u>15</u>	(Surplus) / Deficit for the Year		<u>35</u>

COMMON GOOD FUND - BALANCE SHEET

Re-stated

31 March 2018 £000		31 March 2019 £000	£000
965	Community Assets	2,558	
<u>965</u>	Property, Plant and Equipment		2,558
20,819	Long-Term Debtors	20,828	
<u>103</u>	Heritage Assets	<u>147</u>	
<u>20,922</u>	Long-Term Assets		20,975
503	Short-Term Investments	449	
<u>1,861</u>	Cash and Cash Equivalents	<u>1,880</u>	
<u>2,364</u>	Current Assets		<u>2,329</u>
<u>24,251</u>	Net Assets		<u>25,862</u>
21,886	Revaluation Reserve	23,523	
<u>(22)</u>	Capital Adjustment Account	<u>(13)</u>	
<u>21,864</u>	Unusable Reserves		23,510
500	Common Good Fund	496	
<u>1,887</u>	Earmarked Reserve	<u>1,856</u>	
<u>2,387</u>	Usable Reserves		<u>2,352</u>
<u>24,251</u>	Total Reserves		<u>25,862</u>

The unaudited accounts were issued on 20 June 2019.

HUGH DUNN, CPFA
Head of Finance
20 June 2019

COMMON GOOD FUND - NOTES TO FINANCIAL STATEMENTS

1. Property, Plant and Equipment and Heritage Assets

1.1 Movements on Balances

Re-stated	Community Assets £000	Total Property, Plant and Equipment £000	Heritage Assets £000
Cost or Valuation			
At 1 April 2018	965	965	103
Revaluation increases / (decreases) recognised in the Revaluation Reserve	1,593	1,593	44
At 31 March 2019	2,558	2,558	147
Net Book Value			
At 31 March 2019	2,558	2,558	147
At 31 March 2018	965	965	103
Cost or Valuation			
At 1 April 2017	1,073	1,073	103
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(108)	(108)	0
At 31 March 2018	965	965	103
Net Book Value			
At 31 March 2018	965	965	103
At 31 March 2017	1,073	1,073	103

These asset categories are not depreciated.

1.2 Developing a Common Good Register

Work is underway to collate information regarding those properties historically considered by the Council to be common good, specifically those included on the Common Good register of assets for accounting purposes, relevant parks and other assets with a public function. Work has also progressed on developing a methodology for assessing all properties' common good status, taking into account the relevant legal tests. Therefore, at the balance sheet date, the Council's balance sheet may hold heritage assets that belong to the Common Good.

A **response** to the Community Empowerment (Scotland) Act 2015 consultation on Common Good matters was approved by the Finance and Resources Committee on 28 September 2017 and submitted to the Scottish Government.

The **legislation** has now been laid in Parliament. The relevant provisions come into force on 27 June 2018, and the Scottish Government published the accompanying guidance in July. The Community Empowerment (Scotland) Act 2015 places a duty on local authorities to "establish and maintain a register of property which is held by the authority as part of the common good" (a common good register).

Before establishing a common good register, the Act requires a local authority to prepare and publish a list of properties that it proposes to include in the register. The Common Good Asset Register for **public consultation** was approved for issuing at the 27 September 2018 Finance and Resources Committee. The consultation closed on 31 December 2018.

COMMON GOOD FUND - NOTES TO FINANCIAL STATEMENTS

2. Unusable Reserves

2.1 Revaluation Reserve

The revaluation reserve contains the gains made by the Common Good Fund arising from increases in the value of its property, plant and equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

The reserve contains unrealised gains accumulated since 1 April 2007, the date the reserve was created. Accumulated gains arising before 1 April 2007 were consolidated into the capital adjustment account.

	2018/19		2017/18	
	£000	£000	£000	£000
Balance at 1 April		21,886		21,994
Upward revaluation of assets	1,638		0	
Downward revaluation of assets and impairment losses not charged to the Surplus on the Provision of Services	(1)		(108)	
Deficit on revaluation of non-current assets not posted to the Surplus on the Provision of Service		1,637		(108)
Derecognition of asset disposals		0		0
Balance at 31 March		<u>23,523</u>		<u>21,886</u>

2.2 Capital Adjustment Account

The capital adjustment account provides a balancing mechanism for timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (CIES) (with reconciling postings from the revaluation reserve to convert fair value figures to a historical cost basis).

The account also holds revaluation gains accumulated on property, plant and equipment prior to 1 April 2007, the date the revaluation reserve was created to hold such gains.

	2018/19	2017/18
	£000	£000
Balance at 1 April	(22)	(22)
Movement in Year	9	0
Balance at 31 March	<u>(13)</u>	<u>(22)</u>

ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

The City of Edinburgh Council is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently, effectively and ethically. The Council also has a statutory duty under the Local Government in Scotland Act 2003, to make arrangements to secure best value, which is defined as continuous improvement in the way its functions are carried out.

In discharging these responsibilities, Elected Members and senior officers are responsible for implementing effective arrangements for governing the Council's affairs, and facilitating the effective exercise of its functions, including arrangements for the management of risk.

To this end, the Council has adopted a Local Code of Corporate Governance that is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) framework 'Delivering Good Governance in Local Government'. This statement outlines how The City of Edinburgh Council delivers good governance and reviews the effectiveness of those arrangements.

This statement explains how the Council has complied with the Local Code of Corporate Governance and how it meets the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.

This statement also covers the organisations included in the Council's Group Accounts, a list of which is included on page 39 of the Accounts.

The Group's Governance Framework

The governance framework comprises the systems, processes, cultures and values by which the Group is directed and controlled. It also describes the way it engages with, accounts to and leads its communities. It enables the Group to monitor the achievement of its objectives and consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The Council's Local Code of Corporate Governance is supported by evidence of compliance which is regularly reviewed and considered by the Governance, Risk and 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 Democracy, Governance and Resilience Senior Manager has reviewed the arrangements and is satisfied that the Code continues to be adequate and effective.

The Council's Corporate Governance Framework has three key elements. These are strategic, decision making structure and internal controls:

Strategic

- The Council's vision and priorities are set out and published in the City of Edinburgh Council Business Plan 2017-2022. The plan forms a central part of the planning and performance framework that connects the strategic vision of the Council and its partners to the detailed operational plans which guide the delivery of our frontline services. The Plan was approved by the Council in August 2017. Building on this, alongside the 2019/20 Budget the Council published a four-year Council Change Strategy. This Change Strategy seeks to set out how the Council will achieve its objectives but also how it will address the significant financial challenges it faces. The Change Strategy was produced and agreed following extensive consultation and engagement with the public and staff. The Change Strategy will be progressed over the coming months and will be a key driver of the 2020/21 budget and ongoing financial framework.
- Implementation of the Change Strategy will be monitored by regular financial monitoring and reporting. In addition, the Change Strategy will be overseen by the Corporate Leadership Team (CLT) based on portfolio management principles, with a monthly report taken to the CLT Change Board. The monthly portfolio update reports on all change across the Council including the level of risk being carried, key deliverables and benefits.
- Scrutiny of performance will take place at every level within the organisation to ensure performance monitoring and service improvement. Service areas will continually monitor performance, with senior management teams monitoring their own performance through monthly discussions where areas of risk, good and poor performance will be identified for escalation. The CLT will focus on performance quarterly. For both directorates and the CLT a new balanced score card approach is to be implemented which looks to amalgamate all aspects of performance in a single format.
- Executive Committees will scrutinise performance relevant to their remit. In addition, the Corporate Policy and Strategy Committee will consider performance on a six-monthly basis providing holistic strategic oversight and scrutiny. The Council will also consider an annual summary report of all performance issues.

ANNUAL GOVERNANCE STATEMENT

Decision Making Structures

- The Council operates an executive committee structure. This consists of six executive committees which are responsible for policy and financial decision making and scrutiny in their designated areas of responsibility. These committees are Corporate Policy and Strategy, Culture and Communities, Education, Children and Families, Finance and Resources, Housing and Economy and Transport and Environment.
- The Governance, Risk and Best Value Committee provides the Council with assurance of the adequacy of the governance and risk management frameworks and internal control environment. It also provides scrutiny of the Council's financial and non-financial performance, approves and monitors the progress of the Internal Audit risk-based plan, and monitors performance of the Internal Audit service.
- The Council also utilises a range of other committees, some of which are quasi- judicial such as the Development Management Sub-Committee and the Licensing Sub-Committee, to consider individual applications.
- Empowered communities - the Council has created four localities and is using this model to restructure and deliver a range of frontline services. This will ensure integrated local services and improved outcomes for citizens. This locality model operates in co-terminosity with our partners (such as police and fire services) enabling closer working and integration of services around our citizens. Local Improvement Plans cover every area of the city and describe in detail our multi-agency approach to improve the delivery of services in our communities.
- The Council plays an important role in the Edinburgh Partnership and its new community planning structure. The new framework agreed by the Edinburgh Partnership comprises a Board, four city wide partnerships, four locality partnerships and thirteen neighbourhood networks. The new arrangements are designed to support a different way of working and to support the delivery of the Partnership's priorities for the city as set out in the new community plan. The plan focuses on reducing poverty and inequality in the city through making sure people have enough money to live on; access to work, learning and training opportunities; and have a good place to live.
- The CLT meets weekly, led by the Chief Executive and includes all executive directors and the Head of Finance (Section 95 Officer) and Head of Strategy and Communications. A monthly meeting is held which includes all Heads of Service.

Internal Controls

A significant part of the governance framework is the system of internal controls in place to ensure that risks are being identified and managed effectively.

- The Council is embedding a culture of commercial excellence to ensure that its services always deliver Best Value. The Council's Business Plan describes our determination to have leading commercial and procurement practices that are sustainable and realise benefits for customers and the local supply chain. The Council is also developing a more commercial approach in considering how best to use its assets and generate income in the context of our overall strategic objectives and management of risk.
- The roles and responsibilities of Elected Members and Officers are defined in Procedural Standing Orders, Committee Terms of Reference and Delegated Functions, Contract Standing Orders, Scheme of Delegation to Officers, the Member/officer protocol and Financial Regulations. These are subject to annual review.
- The Chief Executive has overall responsibility to Council, as the Council's statutory Head of Paid Service, 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 Head of Finance as the Council's 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.

ANNUAL GOVERNANCE STATEMENT

- The Chief Internal Auditor has overall responsibility to review, appraise and report to management and the Governance, Risk and Best Value Committee on the adequacy of the Council's internal control and corporate governance arrangements and on risks relating to approved policies, programmes and projects.
- The Council's Democracy, Governance and Resilience Senior Manager, reporting to the Head of Strategy and Communications, has responsibility for advising the Council on corporate governance arrangements.
- The risk management policy and framework set out the responsibilities of Elected Members, the Governance, Risk and Best Value Committee, management and staff for the identification and management of risks to key corporate priorities.
- The Council Risk Register and service area risk registers identify risks and the proposed treatment of actions. There is an escalation process in place to ensure identified risks and emerging issues are highlighted at an appropriate level. These registers are regularly reviewed, updated and reported to the Corporate Leadership Team and Governance, Risk and Best Value Committee for scrutiny and challenge.
- A Council Governance Hub, chaired by the Chief Executive, has been established to scrutinise the management of Council Arm's Length External Organisations (ALEOs), seek assurance over the delivery of services and to ensure that the Council is aware of any risks. This responds to the four areas for improvement recommended by Internal Audit - the independence of elected members as directors of companies; governance reporting to Council committees; the Council Observer role; and the annual assurance process for ALEOs. The Hub also provides an opportunity for ALEOs to raise issues directly with the Council's Chief Executive and to engage on issues of common interest.
- ALEOs are required to report to the Council's Chief Executive once a year with their forward plans which are then considered at the relevant Council committee, with their accounts and past performance scrutinised by the Governance, Risk and Best Value Committee.
- 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.
- 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. Under the mandatory policy awareness programme, it is a requirement that officers regularly confirm their awareness and understanding of these key policies.
- The Whistleblowing policy and the independent and confidential reporting arrangements the Council has in place provide 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 and a current version of the Register is available on the Council's website.
- The General Data Protection Regulation and Data Protection Act 2018 came into effect on 25 May 2018. The legislation introduced new statutory rights and obligations, as well as increased penalties for non-compliance. In line with legislative requirements and regulatory guidance, various controls and measures were developed and implemented as part of a planned programme of work to reduce the risks associated with non-compliance. These included the development of privacy and processing information, breach procedures, data protection impact assessments, revised contract documentation, guidance, information sharing agreements, and a major training and awareness programme. Data protection compliance and maturity continues to be monitored and promoted through established procedures, communications and an information governance maturity model.

ANNUAL GOVERNANCE STATEMENT

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 Democracy, Governance and Resilience Senior Manager has reviewed the effectiveness of the Code which has resulted in changes to the 2018/19 process to ensure that the Council's annual governance practice is open, transparent and reflects best practice but also is modernised and meets the needs of a changing Council.

An assurance statement on the effectiveness of the system of internal controls has been provided and was informed by:

- The work of the Corporate Leadership Team which develops and maintains the governance environment;
- The certified annual assurance statements provided by all Executive Directors;
- The certified assurance statements provided by the Chief Executives, Heads of Service and Finance Directors of the Council's group companies;
- Council officers' management activities;
- The Chief Internal Auditor's annual report and internal audit reports, risk-based, across a range of Council services;
- An annual review by the Council's Democracy, Governance and Resilience Senior Manager of the Council's compliance with the Local Code of Corporate Governance, reported to the Governance, Risk and Best Value Committee;
- Reports from the Council's external auditor; and
- Reports by external, statutory inspection agencies.

The evidence of effectiveness from these sources includes:

- In compliance with standard accounting practice, the Head of Finance (Section 95 Officer) has provided the Chief Executive with a statement of the effectiveness of the Group's internal financial control system for the year ended 31 March 2019. It is the Head of Finance (Section 95 Officer)'s opinion that reasonable but not absolute assurance can be placed upon its effectiveness. Therefore, the Council is continually seeking to improve its internal controls to identify or prevent irregularities.
- Scott-Moncrieff's review of the Council's system of internal controls, the results of which were reported to the Governance, Risk and Best Value Committee concluded that appropriate governance arrangements were in place, with effective scrutiny by elected members.
- The Internal Audit Section operates in accordance with CIPFA's Code of Practice for Internal Audit. The Section undertakes an annual work programme based on an agreed audit strategy and formal assessments of risk that are reviewed regularly. During the year, the Chief Internal Auditor reported to the Head of Legal and Risk and Monitoring Officer but had free access to the Chief Executive, all executive directors and elected members along with direct reporting to the Governance, Risk and Best Value Committee.
- Each executive director has reviewed the arrangements in his / her Directorate and reported on their assessment of the effectiveness of control arrangements, together with any potential areas requiring improvement, to the Chief Executive. Where improvement actions are identified, an action plan will be developed and subject to regular monitoring. In reviewing the overall governance framework, the Council has also considered relevant third-party reviews and recommendations. Reliance has also been placed on each organisation's most recent audited accounts together with the Council's detailed knowledge of these organisations as a consequence of their continued involvement. These reviews have not identified any fundamental weaknesses in the framework of governance, risk management and control at the Council.
- The submission of reports, findings and recommendations from Audit Scotland, the external auditor, other inspectorates and Internal Audit, to the Corporate Leadership Team, Governance, Risk and Best Value Committee and Council, where appropriate, supports effective scrutiny and service improvement activities.
- Internal Audit actions are also recorded, monitored and discussed as part of regular updates to the Corporate Leadership Team and Governance, Risk and Best Value Committee and relevant Executive Committees, where appropriate.
- The Council reviewed its decision-making structures in June 2018. This review noted that the committee structure was working well and that executive committees were carrying out their remit. Improvements to the processes that support decision making were explored to enable a more effective structure.

ANNUAL GOVERNANCE STATEMENT

Review of Effectiveness - continued

- The Council webcasts the majority of its committee meetings and retains an extensive library of previous webcasted meetings on its website. The Council offered to webcast Edinburgh Integration Joint Board meetings which was subsequently agreed and commenced in September 2018.
- Concern was raised over potential pressures on the political management arrangements of the Council in February 2019 that may result in some executive committees being unable to effectively scrutinise due to the volume of business.
- The Council reviewed locality committees in February 2019. The review concluded that the expansive remit was unfocused and the capacity and resources required to deliver the committees effectively were challenging for the Council. The committees had not been successful in engaging with communities, although they had been successful in discussing local matters which had not previously been given sufficient direction. Council agreed that the challenges outweighed the benefits and decided to dissolve locality committees from April 2019. It further agreed to focus on the community planning structures within the city and agreed to explore which powers could be delegated to allow the community to have increased influence over Council decisions.
- There has been regular reporting to the Governance, Risk and Best Value Committee on overdue Internal Audit actions and late management responses. These are also reported monthly to the Corporate Leadership Team (CLT). Due to the complexity of overdue findings CLT agreed that directorate action plans be created to assess whether alternative actions could be identified to mitigate the risks. Although the timely completion of management actions requires further improvement, the steps taken to address the deficiencies have taken significant steps to improve the culture in the Council on addressing the risks identified by Internal Audit.
- Meeting the demands of new data protection legislation has led to significant increases in the volume of data protection work. This has resulted in several resource and operational challenges which have had a detrimental effect on statutory obligations and associated timescales. This increase has also impinged on other areas of information rights, including compliance with Scotland's freedom of information laws. Remedial plans are in place to reduce risks in this area and to ensure that statutory obligations are met.
- Communities and Families operate an annual self-attestation of the effectiveness of operating controls in secondary schools, primary schools, nurseries, libraries, community centres and central service teams. Internal Audit highlighted weaknesses in the model due to the availability of support for the framework from second line of defence business areas and partners.
- The Council's Governance Hub and the changes to Council Company reporting agreed in June 2016 have strengthened the Council's oversight and scrutiny of its ALEOs whilst addressing conflicts of interest.
- Financial controls including full documentation of all procedures, development of an anti-money laundering policy, introduction of an independent review of monthly income and expenditure account reconciliations and independent authorisation of changes to Bankline access rights are in place.
- All directorates include budget issues as standing items on the agenda of their regular Senior Management Team (SMT) meetings.
- Each directorate's assurance schedule was scrutinised by the Governance, Risk and Best Value Committee.
- A corporate policy framework has been put in place which enables a consistent application of policy assurance across the organisation. The process was further streamlined in 2017 to ensure it was an effective process but maintained a robust assurance role focussing on continuous improvement and best practice. Further work is necessary to ensure the framework is being maintained across the Council.
- The whistleblowing service employs an independent organisation to ensure a robust, transparent and trustworthy process. The Governance, Risk and Best Value Committee receives a quarterly update on whistleblowing and the Finance and Resources Committee reviews the policy annually.
- Senior management and Heads of Service have formal objectives, with performance reviewed by the appropriate Executive Director. Officers have personal work objectives and receive feedback on their performance through the Council-wide performance review and development process.

ANNUAL GOVERNANCE STATEMENT

Review of Effectiveness - continued

- There is a robust health and safety reporting structure which includes directorate health and safety committees, a quarterly Council health and safety group and a quarterly consultation forum involving the trade unions. Health and safety working groups are in place for fire safety, water safety and asbestos.
- All directorates have risk and assurance committee meetings that meet at least quarterly and ensure escalation of risks. The Corporate Leadership Team's Risk Register continues to be scrutinised quarterly at the Governance, Risk and Best Value Committee.
- Programme/project risks are managed through relevant programme structures and are also reported to the Corporate Leadership Team Change Board. Any new significant change ideas must be agreed through the monthly change board. This approach is now bedding in and being applied to the development of the change strategy, with reporting every six months to the Governance, Risk and Best Value Committee.
- The annual governance statement was not reported to Governance, Risk and Best Value Committee prior to the annual accounts being reported. Further changes to the process are required to allow this.
- A short-life working group was created to work on simplifying and modernising the report template. It aimed to shorten reports and make them more accessible while ensuring sufficient information was included to ensure effective scrutiny. The new template was rolled out in April 2019.
- A single risk management system is now in place to manage Health and Social Care Partnership and Integration Joint Board risks.
- Business Impact Analysis has been completed for all Council services, with an annual review frequency. These set out the resources required to ensure the continuous delivery of essential activities in the event of an emergency or other disruption.
- Resilience submit an annual report to the Corporate Strategy and Policy Committee, detailing training, exercising, planning and incident response.
- The Council maintains registration to the International Standard for Business Continuity, ISO22301 and, as part of that compliance, the Council's Resilience Management System is audited biannually by an external auditor.
- The Chief Internal Auditor reported to the Governance, Risk and Best Value Committee in July 2018 on the overall adequacy of the Council's framework of governance, risk management and controls and found that significant enhancements were required to the Council's established control environment and governance and risk management framework to ensure that the Council's most significant risks were effectively mitigated and managed.
- Internal Audit highlighted control gaps and residual risks associated with a lack of clear definition and oversight of Partnership business support arrangements provided by the Council to the Health and Social Care Partnership. Service Level Agreements were being created for business support by October 2019.
- Internal Audit highlighted significant enhancements needed in relation to the design of the controls supporting the development, agreement and approval of developer contribution legal agreements.
- An Elected Members' remuneration and expenses scheme is in place and is consistent with the Scottish Government's 'Councillors' Remuneration: allowances and expenses – Guidance'.
- Induction training on roles and responsibilities, and ongoing development opportunities are provided for Elected Members. The Council has revised its Councillor Induction and Training programme, drawing upon best practice from other organisations including The Scottish Parliament, informed by exit interviews conducted with councillors who indicated their intention not to stand again and also reflecting the views of political groups. Some distinctive features of the initial training programme for those elected members joining the Council in May 2017 included a Welcome Event, a 'Freshers Fayre', organised tours, each councillor being allocated a dedicated senior manager as a buddy to assist their assimilation and an informal evening reception at which their families could join them.

ANNUAL GOVERNANCE STATEMENT

Actions

The status of previous year's actions is outlined below:

	Action	Responsible Party	Reporting Date
1	The Chief Executive will report to the Governance, Risk and Best Value Committee in June 2018 outlining the actions taken and status of the historic outstanding audit actions. Internal Audit and directorates will continue to work on ensuring improved processes are in place to avoid repeat issues	Chief Executive	Completed
2	Workforce controls will be reported to committee outlining improved and increased management information to facilitate workforce controls, strategic workforce planning and to measure performance	Executive Director of Resources	Completed and an on-going cycle of reporting continues.
3	Overpayments to Council wide employees had been identified by Human Resources. A plan has been developed to address this during 2018	Executive Director of Resources	Implemented and on-going improvements are being progressed
4	A review is taking place of health and safety risk assessments in Facilities Management. Work is also underway with Communities and Families to ensure clarity around roles and responsibilities regarding health and safety.	Executive Director of Resources	Completed
5	Corporate health and safety training programme to be reviewed	Executive Director of Resources	Completed
6	A risk governance framework is being created for Health and Social Care Partnership risks to sit alongside the already established Integration Joint Board risk framework	Chief Officer - Health and Social Care Partnership	Partially completed and constantly evolving
7	The Assurance Statement template will be reviewed by December 2018 to ensure more effective, concise but robust process	Chief Executive	Completed
8	A review has taken place of cash handling within social care and health business support teams and improvements will be rolled out	Chief Officer - Health and Social Care Partnership	Completed
9	Management actions being implemented to ensure processing of payments to contractors effectively and in line with the Council's policies and procedures	Executive Director of Resources	Completed
10	Development of an improved business continuity plan for the Council's mortuary service	Executive Director of Place	Completed
11	Reporting of ALEOs has gone to executive committees and the Chief Executive but not all ALEOs are also reporting to the Governance, Risk and Best Value Committee. Work will be undertaken with directors and the Governance Hub to improve awareness and compliance with the reporting process	Chief Executive	Completed
12	During 2017, issues were identified with service delivery in Building Standards. An improvement plan has been established and will be undertaken with the support of the Scottish Government. Reporting has taken place at the Governance, Risk and Best Value Committee and the Planning Committee	Executive Director of Place	Implemented and on-going improvements are being progressed
13	A review of arrangements is underway to ensure ALEOs have a service level agreement or funding agreement	Executive Director of Place	Completed
14	Action is being taken to ensure a higher percentage of return from schools regarding self-assurance	Executive Director of Communities and Families	Completed
15	To ensure the appointment of deputies for resilience co-ordinators in each directorate	All	Partially completed, constantly being updated
16	Work is ongoing across the Council to identify any gaps regarding compliance with GDPR, this will be monitored and reported to the Corporate Leadership Team as well as being reported to committee	All	Completed

ANNUAL GOVERNANCE STATEMENT

Following the review of effectiveness and the assurance statements from directorates and ALEOs, the following actions have been identified to improve the Council's governance arrangements:

	Action	Responsible Party	Reporting Date
1	A review of delegated authority within the Place directorate is being carried out to ensure that appropriate governance and controls are in place.	Executive Director of Place	September 2019
2	A new balanced score card approach is to be implemented which looks to amalgamate all aspects of performance in a single format	Chief Executive	June 2019
3	The Health and Social Care Partnership aim to complete the risk escalation framework	Chief Officer	March 2020
4	A transformation and change team will provide project support capacity across the Partnership allowing for greater oversight and ensure projects have clear business justification and business cases.	Chief Officer	March 2020
5	Upgrades to HR and Payroll system to be implemented	Executive Director of Resources	September 2019
6	Review of developer contributions held in Finance database	Executive Director of Resources	September 2020
7	Review of historic developer contributions	Executive Director of Place	September 2020
8	Review of Developer contribution process documentation and guidance	Executive Director of Place	March 2020
9	Review of Political Management Arrangements	Chief Executive	Completed May 2019
10	Review Annual Assurance process	Chief Executive	September 2019

Conclusion

In conclusion, our controls framework continues to evolve and improve. Further work will be undertaken to ensure our corporate governance framework and assurance is joined up and changes are integrated into the current operational governance structures. Controls are generally adequate and improving but further work is necessary to ensure that identified improvement plans are monitored and that controls are fully embedded. Increased business in the committee model will require monitoring to ensure that scrutiny is not de-prioritised. Actions included in the plan will improve the Council's governance with many including in-built monitoring by both officers and elected members.

We are satisfied that the actions highlighted in this Statement reflect the Council's commitment to continuous improvement and will further enhance our corporate governance and internal control

Certification

It is our opinion that in light of the foregoing, reasonable assurance can be placed upon the adequacy and effectiveness of City of Edinburgh Council and its Group's systems of governance. The annual review demonstrates sufficient evidence that the Code is operated effectively and the Council and its Group comply with the Local Code of Corporate Governance in all significant respects.

REMUNERATION REPORT

The Council is required under statute to provide information on the remuneration of each senior officer and each senior elected member, together with any other officer not otherwise included whose remuneration was over £150,000 during the year covered by these accounts. In addition, the Council is required to provide information for the most senior employee within each of its subsidiary companies, together with all other employees whose remuneration exceeds £150,000 in that year.

Remuneration Arrangements

Councillors

The remuneration of Councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (SSI No. 2007/183) as amended by the Local Governance (Scotland) Act 2004 (Remuneration and Severance Payments) Amendment Regulations 2017. The Regulations provide for the grading of councillors for the purposes of remuneration arrangements, as either the Leader of the Council, the Civic Head (the Lord Provost), senior councillors or councillors. The Leader of the Council and the Civic Head cannot be the same person for the purposes of payment of remuneration. A senior councillor is a councillor who holds a significant position of responsibility in the Council's political management structure.

When determining the level of Councillors' remuneration, Scottish Ministers consider the recommendations of the Scottish Local Authority Remuneration Committee (SLARC). SLARC's recommendations were first implemented for councillors elected in the local government elections in May 2007. SLARC was stood down as a committee in February 2013, but the principles of its work continue.

The salary that is to be paid to the Leader of the Council is set out in the Regulations. For 2018/19, the remuneration for the Leader of the City of Edinburgh Council was £50,986. The Regulations permit the Council to remunerate one Civic Head. The Regulations set out the maximum remuneration that may be paid to the Civic Head (the Lord Provost). For 2018/19 this was £38,239. The Council's policy is to pay the Lord Provost at the national maximum.

The Regulations also set out the remuneration that may be paid to Senior Councillors and the total number of Senior Councillors the Council may have (24 for the City of Edinburgh Council). The maximum yearly amount that may be paid to a Senior Councillor is 75% of the total yearly amount payable to the Leader of the Council. The total yearly amount payable by the Council for remuneration of all Senior Councillors shall not exceed £662,802. The Council is able to exercise local flexibility in the determination of the precise number of Senior Councillors and their remuneration within these maximum limits. The Council's current policy is summarised below.

	No. of Posts	% of amount payable to Leader of the Council
Depute Leader of the Council	1	75%
Depute Convener	1	50%
Conveners of Culture and Communities, Housing and Economy, Education, Children and Families, Finance and Resources, Planning, Regulatory, Transport and Environment and Integration Joint Board Committees	8	62.5%
Convener of Licensing Board	1	55%
Convener of Governance, Risk and Best Value	1	50%
Vice-Conveners of Culture and Communities, Housing and Economy, Education, Children and Families, Finance and Resources, Planning and Transport and Environment Committees	6	50%
Opposition Group Leaders - Conservative, Green and Liberal Democrat Groups	3	47.5%

In addition, the Council has an arrangement with the Joint Boards to reimburse the Council for any additional costs for councillors that arise from their being a Convener or Vice Convener of the Joint Boards.

REMUNERATION REPORT

Remuneration Paid

The following tables provide details of the remuneration paid to the Council's Senior Councillors, Senior Employees and the remuneration paid to the Chief Executive (or the most senior manager of that body) of each of the Council's subsidiary bodies. Where a Councillor has held more than one post during the year, he/she is only included once within the following table. Salary, fees and allowances represents the total amount received during the year, where the individual was a Senior Councillor for part or all of the year.

Council's Leader, Civic Head and Senior Councillors	Salary, Fees and Allowances	Taxable Expenses	Non-Cash Expenses / Benefits-in-kind	Total Remun. 2018/19	Total Remun. 2017/18
	£	£	£	£	£
A. McVey, Leader of the Council	50,986	53	133	51,172	44,437
F. Ross, Lord Provost	38,239	0	6,107	44,346	40,103
C. Day, Deputy Leader of the Council	38,239	75	129	38,443	34,892
J. Griffiths, Depute Convener	25,493	0	200	25,693	24,218
A. Burns, Leader of the Council (to 04.05.17)	n/a	n/a	n/a	n/a	4,632
S. Cardownie, Depute Convener (to 04.05.17)	n/a	n/a	n/a	n/a	2,322
Conveners					
D. Wilson, Convener Culture and Communities	31,866	30	847	32,743	31,045
A. Rankin, Convener Finance and Resources	31,866	25	146	32,036	30,010
R. Henderson, Convener Edinburgh Integration Joint Board	32,156	0	783	32,939	25,675
I. Perry, Convener Education, Children and Families	31,866	0	591	32,457	29,974
J. Mowat, Convener Governance, Risk and Best Value	25,493	0	770	26,263	24,351
K. Campbell, Convener Housing and Economy	32,543	0	2,672	35,215	16,105
L. Macinnes, Convener Transport and Environment	31,866	0	381	32,247	27,617
N. Gardiner, Convener Planning	31,866	0	765	32,631	20,947
C. Fullerton, Convener Regulatory	31,866	17	190	32,072	29,043
N. Work, Convener Licensing Board	28,042	95	678	28,815	27,149
Vice-Conveners					
M. Child, Vice Convener Planning and North East Locality Chair	25,173	0	107	25,280	23,135
M. Donaldson, Vice Convener Finance and Resources (to 29.01.2019) (full year equivalent)	21,107	0	113	21,221	23,596
A. McNeese-Mechan, Vice Convener Culture and Communities	25,880	0	1,345	27,225	16,178
A. Dickie, Vice Convener Education, Children and Families	25,493	0	1,053	26,546	22,665
L M. Cameron, Vice Convener Housing and Economy	25,493	0	1,527	27,021	23,923
K. Doran, Vice Convener Transport and Environment	25,493	0	776	26,269	24,230
M. Main, Vice Convener Governance, Risk and Best Value & Green Group Leader (to 29.06.18)	18,760	0	95	18,855	19,551
Locality Committee Conveners					
M. Watt, South East Locality Chair	24,218	0	789	25,007	21,117
G. Gordon, North West Locality Chair (to 09.02.18)	n/a	n/a	n/a	n/a	21,683
D. Dixon, South West Locality Chair	24,218	0	94	24,312	22,619

REMUNERATION REPORT

Remuneration Paid - continued

	Salary, Fees and Allowances £	Taxable Expenses £	Non-Cash Expenses / Benefits- -in-kind £	Total Remun. 2018/19 £	Total Remun. 2017/18 £
Council's Leader, Civic Head and Senior Councillors					
<u>Opposition Group Leaders</u>					
C. Rose, Conservative Group Leader (to 04.05.2017)	n/a	n/a	n/a	n/a	18,095
I. Whyte, Conservative Group Leader	24,218	0	753	24,971	23,648
S. Burgess, Green Group Leader (to 23.11.2017)	n/a	n/a	n/a	n/a	21,429
M. Campbell, Green Group Leader (from 29.06.18 to 29.12.2018)	20,588	0	160	20,748	15,493
C. Booth, Green Group Leader (from 29.12.2018)	18,858	0	114	18,972	17,720
R. Aldridge, Liberal Democrat Group Leader	24,218	0	0	24,218	22,499
<u>Councillors</u>					
G. Barrie, Convener Housing and Economy (to 15.03.2018)	n/a	n/a	n/a	n/a	31,371
L. Ritchie, Convener Planning (to 23.11.2017)	n/a	n/a	n/a	n/a	24,191
R. Lewis, Convener of Culture and Communities (to 04.05.2017)	n/a	n/a	n/a	n/a	3,117
M. Bridgman, Convener Regulatory (to 04.05.2017)	n/a	n/a	n/a	n/a	3,138
L. Hinds, Convener Transport and Environment (to 04.05.2017)	n/a	n/a	n/a	n/a	3,011
E. Milligan, Convener Licensing Board (to 04.05.17)	n/a	n/a	n/a	n/a	2,779
W. Henderson, Convener Police and Fire Scrutiny (to 04.05.2017)	n/a	n/a	n/a	n/a	1,948
G. Munro, Vice Convener Housing and Economy (to 04.05.17)	n/a	n/a	n/a	n/a	18,269
I. Campbell, Vice Convener of Culture and Communities (to 15.03.18)	n/a	n/a	n/a	n/a	23,358
N. Austin-Hart, Vice Convener of Culture and Communities (to 04.05.17)	n/a	n/a	n/a	n/a	2,085
A. Blacklock, Vice Convener Regulatory (to 04.05.17)	n/a	n/a	n/a	n/a	2,179
B. Cook, Vice Convener Finance and Resources (to 04.05.17)	n/a	n/a	n/a	n/a	2,085
A. Lunn, Vice Convener Planning (to 04.05.17)	n/a	n/a	n/a	n/a	2,180

Notes:

1. The amount recharged to Lothian Valuation Joint Board in 2018/19 was £4,251 (2017/18 £3,560). Expenses relate to Councillor role.
2. The full year equivalent under Salary, Fees and Allowances represents the Senior Responsibility Allowance at the year end for the position.

Members' Salaries and Expenses

The Council paid the following amounts to members of the Council during the year (these sums include the totals shown above):

	2018/19 £	2017/18 £
Salaries	1,380,111	1,330,242
Expenses		
<i>Claimed by councillors</i>	742	950
<i>Paid directly by the Council</i>	46,733	40,371

REMUNERATION REPORT

Remuneration Paid - continued

Remuneration paid to Senior Officers

	Salary, Fees and Allowances £	Compensation for Loss of Office £	Total Remun. 2018/19 £	Total Remun. 2017/18 £
Council's Senior Officers				
A. Kerr, Chief Executive	167,468	0	167,468	167,468
A. Gaw, Executive Director of Communities and Families	150,390	0	150,390	150,390
J. Proctor, Integration Joint Board Chief Officer (<i>from 01.05.18</i>) (<i>full year equivalent</i>)	68,929	0	68,929 75,995	n/a
R. McCulloch-Graham, Integration Joint Board Chief Officer (<i>to 05.09.17</i>)	n/a	n/a	0	68,667
M. Miller, Interim Integration Joint Board Chief Officer (<i>to 30.06.18</i>) (<i>full year equivalent</i>)	37,977	0	37,977 150,390	87,086
P. Lawrence, Executive Director of Place	150,390	0	150,390	150,390
J. Irvine, Chief Social Work Officer (<i>from 30.07.18</i>) (<i>full year equivalent</i>)	69,407	0	69,407 103,278	n/a
S. Moir, Executive Director of Resources (Note 2)	150,390	0	150,390	111,984
H. Dunn, Head of Finance (Note 3)	108,720	0	108,720	119,138
Total	<u>903,671</u>	<u>0</u>	<u>903,671</u>	<u>855,123</u>

Notes:

1. J. Proctor took up the position of Chief Officer with 50% of her salary costs from 1 May 2018 reflected above. The full year equivalent figure reflects the salary for the Integration Joint Board Chief Officer, funded 50% by NHS Lothian and the Integration Joint Board.
2. S. Moir was appointed Executive Director of Resources in July 2017. The 2017/18 salary shown for S. Moir is pro-rated accordingly. An additional £2,354 removal and relocation assistance claim was received by S. Moir which is not included in the Remuneration above.
3. H. Dunn was appointed Acting Executive Director of Resources in January 2016 but returned to his substantive role as Head of Finance in July 2017.
4. Pay in lieu of notice is included within Salary, Fees and Allowances where applicable.

REMUNERATION REPORT

Remuneration Paid - continued

Remuneration paid to Senior Officers - continued

Council Subsidiary Companies

EDI Group and EICC are subsidiary companies of CEC Holdings Limited. Figures shown for these companies, Edinburgh Trams Ltd. and Lothian Buses Ltd. are for the year ended 31 December 2018 and 2017 respectively.

	Salary, Fees and Allowances	Bonus	Other Benefits	Total Remun. 2018/19	Total Remun. 2017/18
	£	£	£	£	£
Council's Subsidiary Companies					
E. Adair, Operations and Finance Director, EDI Group (to 30.06.18) (full year equivalent)	55,546	0	84,050	139,596	106,659
M. Dallas, Chief Executive, EICC	143,142	27,998	0	171,140	166,454
J. Donnelly, Chief Executive, Marketing Edinburgh Ltd (Note 1)	139,200	0	0	139,200	139,200
R. Hunter, Chief Executive, Capital City Partnership	53,729	0	0	53,729	50,414
<u>Transport for Edinburgh</u>					
G. Lowder, Chief Executive	144,281	0	0	144,281	141,800
<u>Lothian Buses Ltd.</u>					
R. Hall, Managing Director	169,331	47,817	521	217,669	211,200
W. Devlin, Engineering Director (until 31.01.17)	n/a	n/a	n/a	n/a	12,900
N. Strachan, Finance Director (until 31.01.17)	n/a	n/a	n/a	n/a	12,900
<u>Edinburgh Trams Ltd.</u>					
L. Harrison, General Manager	109,962	18,000	0	127,962	111,229
	<u>815,191</u>	<u>93,815</u>	<u>84,571</u>	<u>993,577</u>	<u>952,756</u>

Notes:

- Marketing Edinburgh Limited entered into two contracts with John P Donnelly Associates Limited for the services of J. Donnelly in the role of Chief Executive. The cost of these contracts is £139,200 in 2018/19, including VAT (2017/18 £139,200, including VAT).

REMUNERATION REPORT

Remuneration Paid - continued

Number of Employees by Pay Band

The total number of Council employees receiving more than £50,000 remuneration for the year (including early retirement / voluntary release costs) is shown below.

	2018/19	2017/18		2018/19	2017/18
£50,000 - £54,999	197	199	£110,000 - £114,999	1	1
£55,000 - £59,999	132	116	£115,000 - £119,999	0	1
£60,000 - £64,999	44	42	£120,000 - £124,999	0	1
£65,000 - £69,999	35	41	£125,000 - £129,999	0	1
£70,000 - £74,999	32	26	£130,000 - £134,999	0	0
£75,000 - £79,999	20	20	£135,000 - £139,999	0	1
£80,000 - £84,999	3	2	£140,000 - £144,999	0	1
£85,000 - £89,999	4	4	£145,000 - £149,999	0	3
£90,000 - £94,999	0	3	£150,000 - £154,999	3	0
£95,000 - £99,999	2	1	£155,000 - £159,999	0	0
£100,000 - £104,999	8	8	£160,000 - £164,999	0	0
£105,000 - £109,999	1	0	£165,000 - £169,999	1	1
			Total No. of Employees	483	472

Exit Packages

The number of exit packages provided for by the Council and the Group during the year, together with the total cost of those packages is shown in the table below. The total cost shown includes pension strain costs and the capitalised value of compensatory added years payments.

Exit package cost band	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in Each Band	
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18
£0 - £20,000							£000	£000
- Council	0	0	23	48	23	48	179	606
- Group companies	0	0	4	2	4	2	38	25
£20,001 - £40,000								
- Council	0	0	11	38	11	38	311	1,112
- Group companies	0	0	1	0	1	0	31	0
£40,001 - £60,000								
- Council	0	0	4	13	4	13	202	635
- Group companies	0	0	0	0	0	0	0	0
£60,001 - £80,000								
- Council	0	0	9	2	9	2	621	153
- Group companies	0	0	0	0	0	0	0	0
£80,001 - £100,000								
- Council	0	0	2	3	2	3	193	250
- Group companies	0	0	0	0	0	0	0	0
£100,001 - £150,000								
- Council	0	0	4	1	4	1	498	132
- Group companies	0	0	0	0	0	0	0	0
£150,001 - £200,000								
- Council	0	0	2	2	2	2	364	343
- Group companies	0	0	0	0	0	0	0	0
	0	0	60	109	60	109	2,437	3,256

REMUNERATION REPORT

Pension Rights

Pension benefits for councillors and local government employees are provided through the Local Government Pension Scheme (LGPS).

Councillors' pension benefits are based on career average pay. For Pre April 2015 benefits, the councillor's pay for each year or part year ending 31 March (other than the pay in the final year commencing 1 April) is increased by the increase in the cost of living, as measured by the appropriate index (or indices) between the end of that year and the last day of the month in which their membership of the scheme ends. The total revalued pay is then divided by the period of membership to calculate the career average pay. This is the value used to calculate the pension benefits. The Post April 2015 benefits are calculated in the same way as Local Government employees.

For local government employees the Local Government Pension Scheme (LGPS) became a career average pay scheme on 1 April 2015. Benefits built up to 31 March 2015 are protected and based on final salary. Accrued benefits from 1 April 2015 will be based on career average salary.

The scheme's normal retirement age for both councillors and employees is linked to the state pension age (but with a minimum of age 65).

From 1 April 2009 a five tier contribution system was introduced with contributions from scheme members being based on how much pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership. Prior to 2009 contributions rates were set at 6% for all non-manual employees.

The tiers and members' contribution rates for 2018/19 were as follows:

Whole Time Pay	Contribution rate
On earnings up to and including £21,300 (2017/2018 £20,700)	5.50%
On earnings above £21,300 and up to £26,100 (2017/2018 £20,700 to £25,300)	7.25%
On earnings above £26,100 and up to £35,700 (2017/2018 £25,300 to £34,700)	8.50%
On earnings above £35,700 and up to £47,600 (2017/2018 £34,700 to £46,300)	9.50%
On earnings above £47,600 (2017/2018 £46,300)	12.00%

From April 2015, when allocating contribution rates to members, pensionable pay means the actual pensionable pay, regardless of hours worked.

There is no automatic entitlement to a lump sum for members who joined the scheme post April 2009. Members may opt to give up (commute) pension for lump sum or bigger lump sum up to the limit set by the Finance Act 2004.

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation - assuming that the person left the related employment or service as at 31st March in the year to which the value relates.

The pension figures shown relate to the benefits that the person has accrued as consequence of their total local government service, and not just their current appointment.

Trade Union (Facility Time Publication Requirements) Regulations 2017

The Council is required to report from 1 April 2017 a range of information on facility time made available to its employees who are trade union representatives.

For the reporting year 2018/19, the equivalent of 8.5 FTE (across 16 individuals) of paid facility time was made available, with an associated cost of £0.27m. This sum equates to 0.05% of the Council's overall paybill.

Of the total time made available, seven individuals spent 100% of time during the year on trade union-related activities, nil between 51% and 99%, and the remaining nine between 1% and 50%.

REMUNERATION REPORT

Pension Benefits - continued

Pension Rights - continued

Council's Leader, Civic Head and Senior Councillors

The pension entitlements of senior councillors for the year to 31 March 2019 are shown in the table below, together with the contribution made by the Council to each senior councillor's pension during the year.

	In-year pension contribs.			Accrued Pension Benefits	
	For year to 31.03.2019 £	For year to 31.03.2018 £		As at 31.03.2019 £000	Difference from 31.03.2018 £000
<u>Council's Leader and Civic Head</u>					
A. McVey, Leader of the Council	11,115	9,309	Pension	4	1
			Lump Sum	0	0
F. Ross, Lord Provost	8,336	7,941	Pension	5	1
			Lump Sum	0	0
C. Day, Deputy Leader of the Council	8,336	6,197	Pension	1	1
			Lump Sum	0	0
J. Griffiths, Depute Convener	5,557	5,117	Pension	3	1
			Lump Sum	0	0
A. Burns, Leader of the Council (to 04.05.17)	n/a	987	Pension	0	0
			Lump Sum	0	0
<u>Conveners</u>					
D. Wilson, Convener Culture and Communities	6,947	6,461	Pension	7	1
			Lump Sum	2	0
A. Rankin, Convener Finance and Resources	6,947	6,362	Pension	4	0
			Lump Sum	0	0
R. Henderson, Convener Edinburgh Integration Joint Board	7,010	5,314	Pension	6	1
			Lump Sum	2	0
I. Perry, Convener Education , Children and Families	6,947	6,362	Pension	6	1
			Lump Sum	2	0
J. Mowat, Convener Governance, Risk and Best Value	5,557	5,166	Pension	3	1
			Lump Sum	0	0
K. Campbell, Convener Housing and Economy	7,094	3,275	Pension	n/a	n/a
			Lump Sum	n/a	n/a
L. Macinnes, Convener Transport and Environment	6,947	5,721	Pension	n/a	n/a
			Lump Sum	n/a	n/a
N. Gardiner, Convener Planning	6,947	4,328	Pension	n/a	n/a
			Lump Sum	n/a	n/a
N. Work, Convener Licensing Board	6,113	5,503	Pension	5	1
			Lump Sum	2	0
<u>Vice-Conveners</u>					
M. Child, Vice Convener Planning and North East Locality Chair	5,488	5,503	Pension	10	1
			Lump Sum	16	0
M. Donaldson, Vice Convener Finance and Resources (to 29.01.2019)	4,601	5,002	Pension	2	1
			Lump Sum	0	0
A. McNeese-Mechan, Vice Convener Culture and Communities	5,642	3,276	Pension	1	1
			Lump Sum	0	0
A. Dickie, Vice Convener Education, Children and Families	5,557	4,673	Pension	n/a	n/a
			Lump Sum	n/a	n/a
L M. Cameron, Vice Convener Housing and Economy	5,557	4,673	Pension	n/a	n/a
			Lump Sum	n/a	n/a
K. Doran, Vice Convener Transport and Environment	5,557	5,002	Pension	3	1
			Lump Sum	0	0
M. Main, Vice Convener Governance, Risk and Best Value & Green Group Leader (to 29.06.18)	4,090	4,029	Pension	2	0
			Lump Sum	0	0

REMUNERATION REPORT

Pension Benefits - continued

Pension Rights - continued

Council's Leader, Civic Head and Senior Councillors

	In-year pension contribs.		Accrued Pension Benefits		
	For year to 31.03.2019 £	For year to 31.03.2018 £		As at 31.03.2019 £000	Difference from 31.03.2018 £000
<u>Locality Committee Conveners</u>					
M. Watt, South East Locality Chair	5,280	4,463	Pension Lump Sum	n/a n/a	n/a n/a
G. Gordon, North West Locality Chair (to 09.02.18)	n/a	4,463	Pension Lump Sum	n/a n/a	n/a n/a
D. Dixon, South West Locality Chair	5,280	4,792	Pension Lump Sum	3 0	1 0
<u>Opposition Group Leaders</u>					
I. Whyte, Conservative Group Leader	5,280	4,792	Pension Lump Sum	6 2	1 0
S. Burgess, Green Group Leader (to 23.11.2017)	n/a	4,533	Pension Lump Sum	n/a n/a	n/a n/a
M. Campbell, Green Group Leader (from 29.06.18 to 29.12.18)	448	3,276	Pension Lump Sum	n/a n/a	n/a n/a
R. Aldridge, Liberal Democrat Group Leader	5,280	4,792	Pension Lump Sum	5 2	1 0
<u>Councillors</u>					
D. Key (including role as Convener of Lothian Valuation Joint Board)	4,631	4,304	Pension Lump Sum	3 0	1 0
<u>Former Conveners/Vice Conveners</u>					
G. Barrie, Convener Housing and Economy (to 15.03.2018)	n/a	6,362	Pension Lump Sum	n/a n/a	n/a n/a
R. Lewis, Convener of Culture and Communities (to 04.05.2017)	n/a	651	Pension Lump Sum	n/a n/a	n/a n/a
M. Bridgman, Convener Regulatory (to 04.05.2017)	n/a	641	Pension Lump Sum	n/a n/a	n/a n/a
L. Hinds, Convener Transport and Environment (to 04.05.2017)	n/a	641	Pension Lump Sum	n/a n/a	n/a n/a
E. Milligan, Convener Licensing Board (to 04.05.17)	n/a	592	Pension Lump Sum	n/a n/a	n/a n/a
W. Henderson, Convener Police and Fire Scrutiny (to 04.05.2017)	n/a	395	Pension Lump Sum	n/a n/a	n/a n/a
G. Munro, Vice Convener Housing and Economy (to 04.05.17)	n/a	3,720	Pension Lump Sum	n/a n/a	n/a n/a
I. Campbell, Vice Convener of Culture and Communities (to 15.03.18)	n/a	4,673	Pension Lump Sum	n/a n/a	n/a n/a
N. Austin-Hart, Vice Convener of Culture and Communities (to 04.05.17)	n/a	444	Pension Lump Sum	n/a n/a	n/a n/a
A. Blacklock, Vice Convener Regulatory (to 04.05.17)	n/a	444	Pension Lump Sum	n/a n/a	n/a n/a
A. Lunn, A. Lunn, Vice Convener Planning (to 04.05.17)	n/a	444	Pension Lump Sum	n/a n/a	n/a n/a

All senior councillors shown in the above table are members of the Local Government Pension Scheme. Not all senior councillors are members of the Local Government Pension Scheme. The pension figures shown relate to the benefits that the person has accrued as a consequence of their total local government service, including any service with a Council subsidiary body, and not just their current position.

REMUNERATION REPORT

Pension Benefits - continued

Pension Rights - continued

Senior Employees

The pension entitlements of senior employees for the year to 31 March 2019 are shown in the table below, together with the contribution made by the Council to each senior employee's pension during the year.

	In-year pension contribs.		Accrued Pension Benefits		
	For year to 31.03.2019 £	For year to 31.03.2018 £		As at 31.03.2019 £000	Difference from 31.03.2018 £000
A. Kerr, Chief Executive	n/a	35,671	Pension	9	0
			Lump Sum	0	0
A. Gaw, Executive Director of Communities and Families	32,785	32,033	Pension	74	3
			Lump Sum	142	0
J. Proctor, Integration Joint Board Chief Officer (<i>from 01.05.18</i>)	30,053	n/a	Pension	n/a	n/a
			Lump Sum	n/a	n/a
R. McCulloch-Graham, Integration Joint Board Chief Officer (<i>to 05.09.17</i>)	n/a	6,545	Pension	n/a	n/a
			Lump Sum	n/a	n/a
M. Miller, Interim Integration Joint Board Chief Officer (<i>to 30.06.18</i>)	8,196	27,860	Pension	61	6
			Lump Sum	115	10
P. Lawrence, Executive Director of Place	32,785	32,033	Pension	25	0
			Lump Sum	n/a	n/a
J. Irvine, Chief Social Work Officer (<i>from 30.07.18</i>)	15,131	n/a	Pension	1	1
			Lump Sum	0	0
S. Moir, Executive Director of Resources	32,785	23,853	Pension	n/a	n/a
			Lump Sum	n/a	n/a
H. Dunn, Head of Finance	23,701	25,376	Pension	56	(2)
			Lump Sum	105	(10)
Total	<u>175,436</u>	<u>183,371</u>			

Notes:

All senior employees shown in the previous table above are members of the Local Government Pension Scheme. The pension figures shown relate to the benefits that the person has accrued as consequence of their total local government / public service and not just their current appointment. Accrued pension benefits relate to the position as at 31 March 2019, or the date of leaving, if that is earlier. Employees contribute towards their pensions in accordance with the rates set out on page 127.

There are no accrued pension benefits included in the table above if the employee has been a member of the pension scheme for less than 2 years.

The in-year pension contributions include pension strain costs where applicable.

Council's Subsidiary Companies

The pension entitlements of senior employees within the Council's subsidiary bodies for the year to 31 March 2019 are shown below, together with the contribution made to each senior employee's pension during the year.

REMUNERATION REPORT

Pension Benefits - continued

Council's Subsidiary Companies - continued

	In-year pension contribs.		Accrued Pension Benefits		
	For year to 31.03.2019 £	For year to 31.03.2018 £		As at 31.03.2019 £000	Difference from 31.03.2018 £000
E. Adair, Operations and Finance Director, EDI Group	30,061	21,606	Pension Lump Sum	33 45	2 1
M. Dallas, Chief Executive, EICC	18,812	18,283	Pension Lump Sum	n/a n/a	n/a n/a
<u>Lothian Buses Ltd.</u>					
R. Hall, Managing Director	16,933	16,500	Pension Lump Sum	n/a n/a	n/a n/a
W. Devlin, Engineering Director (<i>until 31.01.17</i>)	n/a	3,109	Pension Lump Sum	n/a n/a	n/a n/a
N. Strachan, Finance Director (<i>until 31.01.17</i>)	n/a	3,109	Pension Lump Sum	n/a n/a	n/a n/a
<u>Edinburgh Trams Ltd.</u>					
L. Harrison, General Manager	10,996	9,675	Pension Lump Sum	n/a n/a	n/a n/a
<u>Capital City Partnership</u>					
R. Hunter, Chief Executive	11,112	9,790	Pension Lump Sum	n/a n/a	n/a n/a
Total	<u>87,914</u>	<u>82,072</u>			

EDI Group and EICC are subsidiary companies of CEC Holdings Limited. Figures shown for these companies, Edinburgh Trams Ltd. and Lothian Buses Ltd. are for the year ended 31 December 2018 and 31 December 2017 respectively.

E. Adair and R. Hunter are the only members of the Local Government Pension Scheme in the above table. The pension figures shown relate to the benefits that the person has accrued as consequence of their total relevant service and not just their current appointment.

There are no accrued pension benefits included in the table above if the employee has been a member of the pension scheme for less than 2 years.

The in-year pension contributions include pension strain costs where applicable.

INDEPENDENT AUDITOR'S REPORT

The Statement of Accounts is subject to audit in accordance with the requirements of Part VII of the Local Government (Scotland) Act 1973.

The Auditor appointed for this purpose by the Accounts Commission for Scotland is:

Scott-Moncrieff
Exchange Place 3
Sempie Street
Edinburgh
EH3 8BL

RECONCILIATION OF THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

(as shown on page 20 of the Unaudited Financial Statements)

	£000	2018/19 £000	£000
Total Comprehensive (Income) and Expenditure			(456,076)
Deduct (gains) or losses credited to the CIES			
Surplus on revaluation of non-current assets		(587,490)	
Gains and losses relating to pension liability		71,775	
Other unrealised losses		2,248	
		<u> </u>	(513,467)
Surplus on provision of services, per CIES			57,391
 <u>Amounts included in the CIES but required by statute to be excluded when determining the General Fund surplus for the year</u>			
Depreciation and impairment of fixed assets	(217,390)		
Net loss on sale of fixed assets	6,001		
Revenue expenditure funded from capital under statute	59,774		
Finance costs - statutory adjustments	1,901		
Net charges made for retirement benefits in accordance with IAS 19	<u>(116,885)</u>		
		(266,599)	
 <u>Amounts not included in the CIES but required to be included by statute when determining the General Fund surplus for the year</u>			
Statutory provision for repayment of debt (includes voluntary repayments)	80,906		
Lease repayments (including element relating to PPP contracts)	8,390		
Capital expenditure charged to the General Fund balance	(59,774)		
Capital expenditure funded from revenue	38,888		
Change in fair value of Investment Properties	1,025		
Capital grants and contributions credited to the CIES	100,123		
Net transfer for holiday pay accrual	(1,297)		
Employer's contributions payable to Lothian Pension Fund and retirement benefits payable direct to pensioners	<u>65,388</u>		
		233,649	
 <u>Transfers to / or from the General Fund Balance that are required to be taken into account when determining the General Fund surplus for the year</u>			
Statutory transfer of HRA surplus to Renewal and Repairs Fund	(17,145)		
Net Transfer from earmarked reserves	<u>(857)</u>		
		<u>(18,002)</u>	
			(50,952)
General Fund Surplus reported in Financial Statements			6,439

	£000	2018/19 £000	£000
Consolidation Adjustments			
Funds (drawn down from) / contributed to earmarked balances:			
- Balances set aside for specific investment		(3,687)	
- City Strategic Investment Fund		(1,909)	
- Council Priorities Fund (net of transfer of year-end surplus)		(2,647)	
- Council Tax Discount Fund		(8,801)	
- Devolved School Management and Pupil Equity fund		315	
- Dilapidation fund		643	
- Energy efficiency		66	
- Insurance fund		3,710	
- Licensing income		(496)	
- Lothian Buses		116	
- Other minor funds		(15)	
- Outdoor Centres		(133)	
- Pre-paid PPP monies		385	
- Recycling monies		(696)	
- Salix / CEEF		56	
- Spend to save		(509)	
- Trams to Newhaven		4,556	
- Unspent grants		63	
- Workforce management		51	
- Weather Emergency		911	
		<hr/>	<u>(8,021)</u>
General Fund Surplus			<u><u>(1,582)</u></u>

REVENUE BALANCES

	Balance at 31-Mar-18 £000	Transfers Out 2018/19 £000	Transfers In 2018/19 £000	Balance at 31-Mar-19 £000
Balances Set Aside to Manage Financial Risks and for Specific Investment				
Balances set aside for specific inv.	40,649	(13,147)	14,794	42,296
Workforce management	18,143	0	51	18,194
Council Priorities Fund	7,691	(2,852)	1,786	6,625
Dilapidations fund	5,077	(356)	1,000	5,721
Insurance funds	15,875	(83)	3,793	19,585
	<u>87,435</u>	<u>(16,438)</u>	<u>21,424</u>	<u>92,421</u>
Balances Set Aside from Income Received in Advance				
Licensing and Registration income	3,080	(855)	359	2,584
Lothian Buses	388	116	0	504
Other minor funds	218	(16)	1	203
Pre-paid PPP monies	2,568	0	385	2,953
Recycling monies	697	(697)	0	0
Council Tax Discount Fund	27,432	(12,346)	3,545	18,631
Unspent grants	1,874	(1,736)	1,799	1,937
City Strategic Investment Fund	5,461	(2,054)	145	3,552
	<u>41,718</u>	<u>(17,588)</u>	<u>6,234</u>	<u>30,364</u>
Balances Set Aside for Investment in Specific Projects which will Generate Future Savings				
Energy efficiency	178	0	66	244
Salix / CEEF	196	(141)	197	252
Spend to save	2,975	(575)	66	2,466
	<u>3,349</u>	<u>(716)</u>	<u>329</u>	<u>2,962</u>
Balances Set Aside under Devolved School Management Scheme and Pupil Equity Fund				
Devolved School Management	<u>5,758</u>	<u>(5,758)</u>	<u>6,073</u>	<u>6,073</u>
Unallocated General Reserve	<u>13,025</u>	<u>0</u>	<u>0</u>	<u>13,025</u>
Total General Reserve	<u>151,285</u>	<u>(40,500)</u>	<u>34,060</u>	<u>144,845</u>

City of Edinburgh Council

10.05am, Thursday, 27 June 2019

Operational Governance: Review of Contract Standing Orders

Executive
Wards
Council Commitments

1. Recommendations

It is recommended that the Council:

- 1.1 approve the proposed revisions to the existing Contract Standing Orders, as summarised in Appendix 1 to this report, and adopt the Contract Standing Orders included in Appendix 2 to this report; and
- 1.2 note that there will continue to be an annual review of Contract Standing Orders to ensure that they work effectively and provide effective scrutiny of Council purchasing and contract management.

Stephen S. Moir

Executive Director of Resources

Contact: Iain Strachan, Chief Procurement Officer

E-mail: Iain.strachan@edinburgh.gov.uk | Tel: 0131 529 4930

City of Edinburgh Council - 27 June 2019

Operational Governance: Review of Contract Standing Orders

2. Executive Summary

- 2.1 The Council's Contract Standing Orders (CSOs) provide controls and regulation around all of the Council's purchasing and contract management activity. This report provides a summary of the proposed changes to the CSOs following their regular annual review. The proposed changes aim to improve clarity of application as well as providing a balance between improved controls and improved scrutiny of the higher value and more strategic projects whilst enabling lower value purchases to be subject to a more proportionate purchasing and approval regime. The report seeks approval for the proposed changes.

3. Background

- 3.1 The Council is required to have standing orders under the Local Government (Scotland) Act 1973. The CSOs provide controls and regulation around all of the Council's purchasing and contract management activity, and place requirements on Directorates to effectively plan and contract manage the resulting contracts.
- 3.2 The Council continues to consider how procurement can improve social, environmental and economic wellbeing and to promote innovation. This includes making the accessibility of public contract opportunities easier for SMEs, third sector and supported businesses which in turn has significant benefits for the City of Edinburgh.
- 3.3 The CSOs are the subject of an annual review. This most recent review has considered the operation of the current CSOs since they were amended in June 2018, and has identified a number of potential improvements that could be made, as identified in paragraphs 4.1 to 4.6 of this report.

4. Main report

- 4.1 The proposed changes to the CSOs will clarify the rules and address areas of weakness in controls or ambiguity in interpretation and improve purchasing controls. Other, more minor changes, are also proposed. The proposed revised CSOs are set out in Appendix 2 to this report, and a brief explanation for the more material proposed amendments is given in the table set out in Appendix 1 to this report.
- 4.2 An exclusion to the definition of 'consultant' has been proposed to enable the appointments of design teams and certain specialist services required for works contracts, in order to mitigate against the risk of delay to the progression of works contracts where specific approval for such appointments would otherwise be required. For the avoidance of doubt, and in accordance with the Council's existing governance arrangements, any such services could only be utilised where costs could be contained within the available budget for the project in question. Project management and environmental consultancy will still fall within the definition of consultancy and be subject to the current reporting requirements.
- 4.3 The amendments also include a proposal to increase the current delegated threshold for consultancy spend from £25,000 to £50,000, above which the approval of the Finance and Resources Committee would be required. The current £25,000 threshold has not been amended for seven years and raising it to £50,000 would also be consistent with the threshold for regulated procurements under the Procurement Reform (Scotland) Act 2014.
- 4.4 Proportionality is sought between the control on consultancy spend and potential delays to projects, particularly capital projects where the need for a particular resource might not have been envisaged at an earlier stage. To address any concerns that elected members will have less visibility or scrutiny of lower value Council consultancy spend, it is highlighted that the Finance and Resources Committee receives, and would continue to do so:-
- 4.4.1 a six monthly 'Contract Awards and Procurement Programme' report; and
- 4.4.2 an annual consultancy spend report.
- 4.5 To put the proposed changes in context, revenue consultancy spend for 2018-2019 was £4.8 million of which just over 12% (£591,387) was under £50,000. The proposed change to approval thresholds would have impacted on six appointments between £25,000-£50,000 with a total value of £208,114 i.e. 4.3% of the revenue spend. Capital investment consultancy spend was £4.9 million of which just under 6% was under £50,000. This proposed change to approval thresholds would have impacted on three appointments between £25,000-£50,000 with a total value of £92,733 i.e. 1.9% of the capital spend.
- 4.6 Additionally, amendments are proposed to take account of the separate statutory duties of the Lothian Pension Fund group (LPF). As a pension fund delivering

regulated financial services, and with administering costs wholly funded from the pension funds themselves, LPF is statutorily ringfenced from the Council's budget and finances. Given this and taking account of the specific purchasing requirements of the LPF, there are some aspects of the CSOs in respect of which specific exclusions are sought for the LPF. These specific proposals are intended to strike a proportionate balance between the duties of the Council as the administering authority of the LPF, but at the same time enable the LPF to comply with its separate statutory and regulatory duties, and best practice in the pensions and financial services sectors. The LPF is also working with Council officers to explore the possibility of the LPF having its own CSOs, but no decision in respect of this is being sought from Council at this time.

5. Next Steps

- 5.1 The changes to the CSOs shall be highlighted to Council officers by publication on the Orb and a series of planned engagement events delivered by Commercial and Procurement Services.

6. Financial impact

- 6.1 There are no adverse financial impacts as a result of this report. By maintaining proportionate procurement and contract management controls, and improving these through annual reviews of the CSOs, it is anticipated their impact will continue to support the delivery of planned Council savings targets.

7. Stakeholder/Community Impact

- 7.1 The CSOs were prepared as result of feedback and consultation with service areas and a wide range of officers involved in procuring and commissioning across all service areas of the Council throughout the year.
- 7.2 The revisions will have little or no impact on the community other than to improve outcomes such as reducing delays in works and construction programmes through more efficient approvals processes.

8. Background reading/external references

- 8.1 Contract Awards and Procurement Programme (Period 1 January – 30 June 2018)
http://www.edinburgh.gov.uk/meetings/meeting/4554/finance_and_resources_committee
- 8.2 [City of Edinburgh Council's Contract Standing Orders](#)
- 8.3 [Review of Political Management Arrangements 2018 - Report to City of Edinburgh Council 28 June 2018](#)

8.4 [Operational Governance: Review of Contract Standing Orders and Guidance on the Appointment of Consultants - Report to City of Edinburgh Council of 14 December 2017](#)

9. Appendices

Appendix 1 – Table of Substantive Changes to Contract Standing Orders

Appendix 2 – Contract Standing Orders

Appendix 1

Standing Order No.	Change	Explanation for the Change
1.1 Extent and Interpretation	Application of CSO provisions limited for Lothian Pension Fund (LPF).	To reflect previously approved changes to governance of all pensions matters, including contracts, which are now exclusively within the remit of the Pensions Committee. As referred to in the foregoing report, LPF are currently exploring the possibility of developing a set of CSOs specific to LPF.
1.2. Definitions and Interpretation	<p>Definition of Consultant amended.</p> <p>Definition of Framework included.</p> <p>Definition of Project Manager included.</p>	<p>Exclusions to the definition have been made to enable the appointments of design teams and specialist services required for works contracts such as quantity surveyors, cost consultants, architects and the like, and mitigate against the risk of delay to the progression of works contracts. Project management and environmental consultancy will still fall within the definition of consultancy and be subject to the current reporting requirements.</p> <p>Definitions have been added for the purposes of clarification.</p> <p>Definition added to supplement definition of Contract Manager (see 1.3.4 of CSOs).</p>
2. Procedures	Amendment to the requirement to consult with the Chief Procurement Officer to include call-off contracts and direct awards under Frameworks above	Once a Framework is established advice should still be sought to ensure the application of the Framework rules are adhered to, that Best Value is being achieved by appropriate use of call-offs under the Framework and award notices are

	£25,000 and where appropriate below that value.	published on Public Contracts Scotland as required by the Procurement Regulations for all contracts, including call-offs under Frameworks in excess of £50,000 for goods and services and £2million for works.
3. Role and Responsibilities	Responsibility for contract management arrangements for Frameworks and contracts used by more than one Directorate shall sit with the Directorate with the largest spend in the absence of alternative arrangements.	The handover of certain contracts or frameworks to an identified contract manager, following the actual award of contract/framework, can be more difficult where a contract or project manager is not identified at the outset of the procurement of a contract or the adoption of a framework. The consequence of a lack of contract management is the potential loss of procurement savings and benefits including the delivery of rebates and community benefits. It is proposed that responsibility for contract management arrangements sits with the Directorate with the largest spend.
5. Evaluation of Tenders and Quotes	Approval of the Council's Digital Services required for any purchase or tender involving the use, adoption or purchase of ICT or digital service, software or hardware.	Shadow IT poses security risks to the Council's IT network. The provisions in 5.4 strengthen the current position. Approval of the Council's Digital Services is now required rather than just its advice.
11. Consultants	11.8 Raises the permitted delegation level to Executive Directors, in consultation with the Chief Procurement	It is proposed that there is an increase in the current delegated threshold for consultancy spend from £25,000 to £50,000, above which the approval of the Finance and Resources Committee would be required. Further assessment and

	<p>Officer, from £25,000 to £50,000.</p>	<p>reasoning for this proposal is included in paragraphs 4.3-4.5 of the foregoing report.</p> <p>The proposed change reflects feedback that there can be delays to works projects if Committee approval must be sought for the appointment of certain professional services which are currently construed as consultancy under the CSOs e.g. an arboreal consultancy specialist, not anticipated at the outset but which is of a relatively low value in relation to the works programme. In view of the significant planned capital programme, in particular the Housing Programme, these specific exclusions are considered a proportionate operational change. Reporting requirements referenced in 4.4 of the foregoing report will still continue as they do currently, to ensure suitable transparency over any such appointments.</p>
<p>12 National Frameworks</p>	<p>The immediate adoption of frameworks is only permitted for those that meet the requirements of public procurement rules.</p>	<p>To introduce a distinction between the adoption of regulated and public procurement compliant frameworks which may be adopted and used without Committee approval immediately and those commercial frameworks that may not be compliant with public procurement regulations and which are not appropriate for such adoption.</p> <p>In line with approval levels for individual contracts, significant spend through call off contracts under national frameworks would require Committee approval. Clarification is provided that thresholds for call off contracts reflect the current goods, services and works contract levels.</p>

<p>Schedule</p>	<p>The initial approvals threshold has been raised from £3,000 to £5,000 with the provision that three quotes or price comparisons will be required over £3,000.</p> <p>Thresholds for services and health and social care services have been merged.</p> <p>Proposed Committee approval of consultancy spend has increased from £25,000 to £50,000.</p>	<p>The initial current £3,000 threshold, above which three formal written quotations must be obtained, has not been amended for seven years. Proportionality is sought between the difficulty experienced in obtaining three written quotes in each instance and securing Best Value. It is considered commensurate, and in line with practice in other local authorities, to raise the direct award threshold to £5,000. Purchasers will be directed to contracted providers in the first instance regardless of value. For purchases under £3,000 where there is no appropriate contracted provider it is proposed a light touch regime be applied with an encouragement to obtain another quote or price comparison including web shots, which may be more appropriate for low value purchases especially goods. Between £3,000 and £5,000 3 quotes or 3 price comparisons will be required.</p> <p>No substantive changes have been made only formatting for ease of understanding.</p> <p>As referred to above, and in the forgoing report, the spend that this change relates to is small, in proportionate terms, but may assist in mitigating against project delay and deliver a small reduction in committee reports (perhaps between 5 and 10 a year) in respect of this low level consultancy spend.</p>
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Appendix 2 Proposed Contract Standing Orders



CONTRACT STANDING ORDERS

27 June 20198

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Introduction

These Contract Standing Orders of the City of Edinburgh Council ("Council") apply from ~~28-27~~ June 201~~98~~ and apply (with certain exceptions) to all contracts made by or on behalf of the Council for the procurement of the execution of works, the supply of goods and materials to the Council, and/or for the provision of services.

Preliminary

1.1 Extent and interpretation

- 1.1.1 The Council makes these Standing Orders in terms of section 81 of the Local Government (Scotland) Act 1973.
- 1.1.2 These Standing Orders must be interpreted in accordance with the key principles of transparency, equal treatment, non-discrimination and proportionality.
- 1.1.3 These Standing Orders apply from ~~278~~ June 201~~98~~ and apply, subject to the provisions of Standing Order 1.1.5 ~~and 1.1.6~~, to all contracts made by or on behalf of the Council for the procurement of the execution of works, the supply of goods and materials to the Council, and/or for the provision of services (including consultancy services).
- 1.1.4 The Standing Orders are subject to the over-riding provisions of European Union (EU), United Kingdom (UK), or Scottish legislation. They are also subject to any EU Commission, UK government or Scottish Executive guidance on public procurement that may be issued from time to time.
- 1.1.5 The Standing Orders do not apply to any of the following:
 - 1.1.5.1 contracts of employment;
 - 1.1.5.2 contracts solely relating to the lease, purchase or disposal of heritable property;
 - 1.1.5.3 the allocation of direct payments or personal budgets under options 1, 2 or 4 of the Social Care (Self Directed Support) (Scotland) Act 2013;
 - 1.1.5.4 appointed guardians or legal services designated by a court of tribunal, any persons appointed under The Curators ad Litem and Reporting Officers (Panels) Scotland Regulations 2001 and the appointment of board members required by statute;
 - 1.1.5.5 contracts with statutory or public bodies -on the basis of an exclusive right enjoyed by law; and
 - 1.1.5.6 those contracts excluded by the 2015 or 2016 Regulations for example arbitration or conciliation services.

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1.1.6 These Standing Orders shall apply only as follows to contracts made on behalf of the Lothian Pension Fund for which the Council is the administering authority:-

1.1.6.1 In Standing Order 1.1, references to the Procurement Handbook and the Contract Management Manual shall be construed accordingly; Standing Order 2.1 shall not apply, Standing Order 2.9 to (and including) 2.13 shall apply only where it is appropriate in the circumstances, Standing Order 2.16 shall not apply, Standing Orders 4.2 and 4.3 shall apply only where it is appropriate in the circumstances, Standing Orders 11 and 12 shall not apply; and

1.1.6.2 The procedures set out in the Schedule shall apply but only to the extent required by the Act, the 2015 Regulations or the 2016 Regulations, the corresponding approvals required shall apply for such proposed contracts.

4.1.61.1.7 The Standing Orders must be read in conjunction with, and all Council staff must comply with, the Scheme of Delegation to Officers, the Council's Financial Regulations, the Procurement Handbook and the Contract Management Manual. Where there is any discrepancy, the Standing Orders shall take precedence.

4.1.71.8 Failure to comply with these Standing Orders when making purchases or seeking offers may result in disciplinary action.

4.1.81.9 Any query regarding the application or interpretation of these Standing Orders should be made in the first instance to the Chief Procurement Officer acting on behalf of the Executive Director of Resources.

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1.2 Definitions and interpretation

1.2.1 "Act" means the Procurement Reform (Scotland) Act 2014;

1.2.2 "Best Value" means the legal duty to secure continuous improvement in the performance of the Council's functions as set out in section 1 of the Local Government in Scotland Act 2003 as follows:-

"1 Local authorities' duty to secure best value"

(1) It is the duty of a local authority to make arrangements which secure best value.

(2) Best value is continuous improvement in the performance of the authority's functions.

(3) In securing best value, the local authority shall maintain an appropriate balance among—

(a) the quality of its performance of its functions;

(b) the cost to the authority of that performance; and

(c) the cost to persons of any service provided by it for them on a wholly or partly rechargeable basis.

(4) In maintaining that balance, the local authority shall have regard to—

(a) efficiency;

(b) effectiveness;

(c) economy; and

(d) the need to meet the equal opportunity requirements.

(5) The local authority shall discharge its duties under this section in a way which contributes to the achievement of sustainable development.

(6) In measuring the improvement of the performance of a local authority's functions for the purposes of this section, regard shall be had to the extent to which the outcomes of that performance have improved.
(7) In this section, "equal opportunity requirements" has the same meaning as in Section L2 of Part II of Schedule 5 to the Scotland Act 1998 (c.46)";

- 1.2.3 'CLT' means the Corporate Leadership Team;
- 1.2.4 'Consultant' means a specialist who charges a fee for providing advice or services such as but not limited to business or project management, human resources, environment, communication, information technology, property and estates and financial services, but excluding (i) agency, secondments and temporary workers, and (ii) professional services provided by solicitors, counsel and actuaries, and (iii) technical or specialist services required for works contracts or proposed works contracts such as quantity surveyors, cost consultants, design engineers and architects;
- 1.2.5 "Contract Manager" means the nominated Contract Manager for a specific contract who is responsible for dealing with supplier performance and contractual matters on a day to day basis;
- 1.2.6 Co-production – means the real and meaningful involvement of the citizens of Edinburgh including future recipients of the services and key stakeholders and suppliers (both current and potential) in how and what community services and related goods and works are delivered with regard to the National Standards for Community Engagement.
- 1.2.7 "Executive Director" means the relevant Executive Director (or in the case of the Edinburgh Integrated Joint Board the Chief Officer) of the procuring service area or for the purpose of exercising any powers set out in these Standing Orders the Chief Executive of the Council or, in the case of cross-directorate purchasing or absence of the relevant Executive Director or the Chief Executive, such Head of Service as that Executive Director has nominated in accordance with the Scheme of Delegation, the Executive Director of Resources or such Executive Director as the Chief Executive may nominate.
- 1.2.8 "EU Thresholds" means the prescribed threshold values set by the EU Commission for supply of goods, services, works, Social and other Specific Services or concession- contracts as they may be amended from time to time;

~~1.2.8~~ 1.2.9 "Framework" means an arrangement under which the terms and conditions are agreed, but where there is normally no commitment to subsequently place orders or call off contracts;

~~1.2.9~~ 1.2.10 "Head of Service" means the relevant Head of Service of the procuring Division service area (or in the case of the Edinburgh Integrated Joint Board the direct reports to the Chief Officer) in the case of the absence of the relevant Head of Service such other Head of Service that the Executive Director may nominate.

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4.2.101.2.11 “Legislative Exemptions” means an exemption from the application of procurement rules under EU law and principles developed through case law and other means.

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4.2.111.2.12 “Procurement Handbook” means the procurement handbook issued by the Executive Director of Resources, setting out the detailed requirements for the conduct of procurement activity within the Council (as amended from time to time).

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4.2.121.2.13 “Contract Management Manual” means the contract management manual issued by the Executive Director of Resources, setting out the detailed requirements for the conduct of contract management activity within the Council (as amended from time to time).

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4.2.131.2.14 “Procurement Requirement Form” means a document setting out as a minimum: -

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1.2.13.1 what is the Council's requirement for the goods, works or services and why do we need it?

1.2.13.2 what are all the available options, including internal provision, which is the best and why?

1.2.13.3 can and should the Council afford it?

1.2.13.4 what are the proposed supplier management arrangements and who is the nominated Contract Manager as required by Contract Standing Orders?

1.2.13.5 how do we track, measure and account for the benefits?

1.2.15 “Project Manager” means the nominated Project Manager for a specific contract who is responsible for dealing with the contractor's performance and contractual matters on a day to day basis;

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4.2.141.2.16 “2015 Regulations” means the Public Contracts (Scotland) Regulations 2015 or successor legislation (as amended from time to time);

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4.2.151.2.17 “2016 Regulations” means the Procurement (Scotland) Regulations 2016 or successor legislation (as amended from time to time);

4.2.161.2.18 “Regulated procurement” means a procedure to award a regulated contract being a public contract which is equal to or greater than £50,000 (other than works or health or social care contracts) or £2million for works contracts;

4.2.171.2.19 “Schedule” means the schedule to these Standing Orders;

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~~4.2.18~~1.2.20 “Social and other Specific Services” means a public contract or framework for social and other specific services as defined by the 2015 Regulations including:-

1.2.2018.1 Health, social and related services

1.2.2018.2 —Administrative social, educational, healthcare and cultural services

1.2.2018.3 Other community, social and personal services

1.2.2018.4 Legal services

1.2.2018.5 Investigation and security services

1.2.2018.6 Postal services

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~~4.2.19~~1.2.21 “Standing Orders” means these standing orders including the Schedule and “Standing Order” shall be interpreted accordingly.

1.3 General Principles

1.3.1 The relevant officer with responsibility for commissioning and/or procuring shall, prior to commencing any procurement process, ensure that an appropriate Procurement Requirement Form that meets the strategic and service objectives of the Council is completed in order to ensure that Best Value is achieved, that it complies with relevant sustainable development and equality requirements required by law and Co-production with key stakeholders is planned as appropriate and proportionate to the nature of the proposed contract,

1.3.2 The Procurement Requirement Form shall include consulting with other Council service areas to ensure that where there is a need for the same or similar services that they are jointly procured where appropriate. Where the approximate value of any proposed procurement is likely to exceed £1 million (or £250,000 in the case of consultancy spend) the relevant Procurement Requirement Form shall require the approval of the relevant Executive Director prior to proceeding to procurement.

1.3.3 All potential contracts above the EU thresholds and Regulated procurements must comply with the general principles of equal treatment, non-discrimination, transparency and proportionality. Procurements must not be designed with the intention of unduly favouring or disadvantaging any potential tenderer.

1.3.4 Throughout the life of a contract the contract should:-

- a. comply with the minimum standards set out in the Procurement Handbook and the Contract Management Manual and

- b. be managed by the Contract Manager-or as appropriate the Project Manager in respect of
 - i. performance;
 - ii. compliance with the specification and other terms of the contract;
 - iii. -cost and benefits;
 - iv. Best Value requirements;
 - v. equality requirements;
 - vi. delivery and risk management; and
 - vii. -continuous improvement and Co-production principles.

1.3.5 All procedures for initiating procurement, developing procurement plans, inviting and receiving tenders, approval of contracts, and all contractual arrangements entered into shall comply with the Council's equality and sustainability requirements and policies, shall encourage fair working practices and payment of the Living Wage and, where appropriate, contractual or procurement arrangements shall include the use of community benefit clauses.

1.3.6 All expenditure must comply with the Council's Financial Regulations.

1.3.7 Grants while not subject to the full application of the procurement regulations should be allocated in consultation with the Chief Procurement Officer and are subject to the requirement to

a. secure Best Value;

a-b. comply with the Council's Grant Standing Orders;

b-c. comply with the Council's Finance Rules; and

e-d. adhere to the Compact values in particular fairness, transparency, equality of treatment and mutual respect; -and

d. comply with any guidance on grants in the Procurement Handbook

2 Procedures

2.1 In addition to the obligations in Standing Order 1.3, before commencing a tendering procedure or making a purchase where no contract exists the relevant Executive Director must consult with the Chief Procurement Officer to establish whether:

2.1.1 The Council has an existing contract for the same or similar requirement which may fulfill their requirements and provide Bbest

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~~V~~value; or

- 2.1.2 there is any existing internal provision or other resources which could be used.
- 2.2 The procedure for the award of any contract shall depend upon the estimated aggregated value of that contract. The EU rules on aggregation of contracts shall apply and the artificial splitting of purchase orders or requirements to avoid the application of these Standing Orders is not permitted.
- 2.3 Subject to Standing Order 9 and 1.1.6, or where otherwise legally permitted in respect of proposed contracts which exceed the Regulated procurement thresholds provided by the Act or the EU Thresholds, the minimum associated tendering procedures that must be applied are detailed in the Schedule.
- 2.4 For a procedure other than competitive tendering e.g. the negotiated procedure without prior advertisement, advice must be sought from the Head of Legal and Risk and/or Chief Procurement Officer.
- 2.5 Health, social care and community services shall be procured in accordance with the Act, the 2015 Regulations, the 2016 Regulations, the Procurement of Care and Support Services 2016 (Best Practice), any statutory guidance issued under the Act and the principles of Co-production.
- 2.6 For all purchases in excess of £50,000 for the supply of goods and services and £2million for works the sustainable procurement duty introduced by the Act requires that before buying anything the Council must think about how it can improve the social, environmental and economic wellbeing of the area in which it operates with a particular focus on inequality and then act in a way that secures these improvements.
- 2.7 In accordance with its sustainable procurement duty the Council must consider how its procurement processes can facilitate the involvement of Small or Medium Enterprises (SMEs), third sector bodies and supported businesses and how innovation can be promoted. For contracts over the EU thresholds a contract may be awarded in the form of separate lots and where the decision is not to award in the form of separate lots this should be explained in the procurement documents.
- 2.8 The Council may reserve the right to participate in a tendering procedure to providers operating supported businesses, supported employment programmes or supported factories where more than 30% of the workers are disabled or disadvantaged persons in accordance with the 2015 Regulations. Where this right is exercised by the Council the contract award procedures provided by the Regulations and Act shall be followed.
- 2.9 Where legally permissible the Council shall seek to ensure that for purchases or contracts of an estimated value of £50,000 or less that at least one ~~Small or Medium Enterprise~~ (SME) from the City of Edinburgh or an SME who is a significant employer within the City of Edinburgh is invited to tender in any process. For future repeat procurements for similar goods, services or works the Council shall seek to ensure that at least one new SME from the City of Edinburgh or a new significant employer within the City of Edinburgh is invited

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to tender in any process.

- 2.10 Direct purchasing below £53,000 where the purchase cannot be secured from an existing contracted supplier without competitive tendering is permissible subject to the Council's duty to secure Best Value. Best Value will normally be secured by seeking 3 quotes and/or evidence of firm fixed prices where possible, and is required for all purchases above £3,000.
- 2.11 Direct purchasing above £53,000 without seeking more than one quotes is permissible only in those circumstances that would be permitted by the Act, the 2015 Regulations, the 2016 Regulations or in accordance with Standing Order 9.
- 2.12 The Chief Procurement Officer shall be consulted as appropriate in respect of tendering arrangements for any proposed contracts with an estimated value of less than £25,000 including individual call off contracts and direct awards under Frameworks.
- 2.13 The Chief Procurement Officer may seek advice and escalate such risks as considered appropriate to the Head of Legal and Risk who shall advise as to the appropriate action.
- 2.14 The Chief Procurement Officer shall advise on and make all tendering arrangements for any proposed contracts with an estimated value in excess of £25,000 including individual call off contracts and direct awards under Frameworks.
- 2.15 If an unsuccessful tenderer brings a written or formal challenge against the Council in relation to a tender exercise or questions the integrity of the tender process, the recipient of the notice of challenge or query must inform the Chief Procurement Officer. The Chief Procurement Officer must inform the Head of Legal and Risk as to potential legal challenges.
- 2.16 Parent Teacher Association monies may be subject to the application of the procurement regulations where the contract is entered into by the Council. The prior consent of the Council must be obtained where the expenditure of Parent Teacher Association monies will result in alterations to Council land or buildings, or require equipment to be fixed to Council land or buildings, or have health or safety implications or maintenance obligations.

The Role and Responsibilities of Executive Directors

- 3.1 Each Executive Director retains responsibility for selecting and appointing contractors, providers, suppliers or Consultants for their Directorate, but shall seek guidance, as appropriate from the Chief Procurement Officer. The Chief Procurement Officer shall be consulted at the earliest opportunity to ensure that all purchasing arrangements are made in compliance with these Standing Orders.
- 3.2 Each Executive Director has responsibility for all contracts tendered and let by their Directorate and is accountable to the Council for the performance of their duties in relation to contract letting and management, which are:
- 3.2.1 to ensure compliance with these Standing Orders, the Procurement

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Handbook and the Contract Management Manual;

- 3.2.2 to ensure no contract is entered into by the Council without seeking advice, where appropriate, from the Chief Procurement Officer and Head of Legal and Risk and having proper regard to such advice;
- 3.2.3 to ensure that appropriate contract security (for example guarantees or performance bonds) is obtained where required or considered prudent;
- 3.2.4 to prepare and approve where required by these Standing Orders an appropriate Procurement Requirement Form for each proposed purchase or contract;
- 3.2.5 to prepare, in consultation with the Chief Procurement Officer, appropriate contract and tender documents which clearly specify the scope, quality and quantity of the works, goods or services;
- 3.2.6 to check whether there is any existing Council or other collaborative framework that can appropriately be used to achieve Best Value for the Council before undergoing a further competitive tender process;
- 3.2.7 to keep all bids confidential subject to any legal requirements;
- 3.2.8 to take appropriate measures to prevent, identify and remedy conflicts of interest arising in the conduct of procurement procedures so as to avoid distortion of competition and to ensure equal treatment of tenderers;
- 3.2.9 to ensure that any evaluation panel is suitably qualified and trained to assess tenders;
- 3.2.10 to ensure no supplier is requested by the Council to provide goods, services or works without first having a valid purchase order in place;
- 3.2.11 to enter all purchase order information onto the relevant Council financial system prior to the service or goods being delivered;
- 3.2.12 to ensure that for contracts of a value greater than £53,000 for goods and services and £10,000 for works, the contract register record is updated within 5 working days following issue of contract award and in any event prior to start date of contract;
- 3.2.13 to arrange for the publication of a contract award notice on Public Contracts Scotland for Regulated procurements including call offs from frameworks where the value (including aggregate values) exceeds £50,000 (other than works or health and social care contracts) or £2million for works as required by the Regulations
- 3.2.14 to ensure all relevant staff putting in place a contract have read and understood and are familiar with these Standing Orders, the Procurement Handbook, the Contract Management Manual or other guidance issued in respect of these Standing Orders;
- 3.2.15 to conduct a timely Integrated Impact Rights Assessment and/or

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privacy impact assessment as appropriate;

- 3.2.16 to ensure contracts are awarded, any necessary checks such as IR35 or Disclosure Scotland checks are carried out and any appropriate contract security documents are signed before the supply of goods, works, services ~~or supply~~ provision commences;
- 3.2.17 to put in place arrangements for efficient contract and supplier management including the identification of a Contract Manager or Project Manager and management of benefits and performance, for the entire duration of the contract or Framework. For Frameworks or contracts used by more than one Directorate the arrangements for contract and supplier management shall be made by the Executive Director for the Directorate with the largest spend or anticipated spend in respect of the same and pending such decision being made the contract management arrangements shall be made by the Director for the Directorate submitting the Procurement Requirement Form;
- 3.2.18 to retain a copy of the contract and keep proper records of all contracts and tenders, including minutes of tender evaluation panels and other meetings;
- 3.2.19 to take immediate action in the event of a breach of these Standing Orders or non-compliance with the Procurement Handbook or the Contract Management Manual within his/her directorate;
- 3.2.20 to consult with Elected Members on matters reasonably considered politically, reputationally or financially sensitive in relation to proposed procurement activity and to brief Elected Members as appropriate at the Procurement Requirement Form stage of such procurements; and
- 3.2.21 to make appropriate arrangements for the opening of tenders and their secure retention ~~so as~~ to protect the integrity of the procurement process ~~and where tenders are received in paper form to ensure they are opened in the presence of an officer nominated by the Chief Procurement Officer together with a witness.~~

Tender Documents

- 4.1 The tender documents shall clearly set out the proposed method of evaluation as well as the scope, timing, quality and quantity of the works, services and supply of goods ~~es~~ required by the Council.
- 4.2 The Head of Legal and Risk will be consulted on conditions of contract for particularly significant or complex projects or contracts.
- 4.3 The Council's conditions of contract shall be used for all purchases over £53,000 unless the Head of Legal and Risk has advised that this is not required.

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5 Evaluation of Tenders and Quotes

- 5.1 Tenders and quotes shall be evaluated on the basis of most economically advantageous and the best price-quality ratio. The award of a contract on the basis of lowest cost alone will only be permitted for goods and services contracts below £50,000, works contracts below £2million or under ~~F~~frameworks awarded prior to 18 April 2016.
- 5.2 Tenders and quotes received after the closing date and time stipulated for return of tenders, or tenders which are incomplete or in an incorrect format will not be opened or considered unless the Council, acting proportionately, decides that there are circumstances which allow it to exercise discretion in allowing consideration of the tender. The Chief Procurement Officer must be consulted if tenders which are submitted late, incomplete or in an incorrect format are to be evaluated.
- 5.3 Tenders shall be evaluated by a tender evaluation panel which should comprise officers having sufficient knowledge and technical ability to enable them to evaluate detailed tenders appropriately. The evaluation process shall follow any guidance issued by the Chief Procurement Officer and be fully and appropriately documented.
- 5.4 Where a proposed purchase or tender involves the use, adoption or purchase of ~~any form of an~~ Information ~~and~~ Communications Technology (ICT) ~~device~~ or digital service, software or hardware ~~then~~ the ~~approval~~ ~~device~~ of the Council's ~~Digital ICT S~~services must be sought at the Procurement Requirement ~~Form~~ stage and any purchase ~~for any value~~ must be undertaken in collaboration ~~and with the approval of with~~ the Council's ~~Digital ICT Solutions S~~services. The Council's ~~existing Strategic ICT and Transformation~~ contract should be used for any Council requirements unless it is unsuitable or will not provide ~~B~~best ~~V~~value.

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6 Acceptance and Award of Contracts

- 6.1 Following the conclusion of the procedure for awarding contracts set out in these Standing Orders and, where applicable, the expiry of the mandatory standstill period, the resulting contract between the Council and successful tenderer shall follow the approval process detailed in the Schedule. The signing of the contract document or letter of acceptance shall be in accordance with the Scheme of Delegation.

7 Eligibility to tender and termination, variation or suspension of a contract

- 7.1 The relevant Executive Director, having due regard to legal advice from the Head of Legal and Risk, may treat a potential tenderer as ineligible to tender where there are reasonable grounds to conclude that the contractor or potential tenderer:
- 7.1.1 has committed an act of grave misconduct in the course of their business or profession; or
- 7.1.2 has shown significant or persistent deficiencies in the performance of a substantive requirement under a prior public contract which led to early termination of that prior contract, damages or other comparable

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sanctions, subject to consideration by the Council of any measures taken to demonstrate reliability; or

7.1.3 falls within one or more of the other grounds set out in the 2015 Regulations or

7.1.4 has compiled, used, sold or supplied a prohibited list which:

- i. contained details of persons who are or have been members of trade unions or persons who are taking part or have taken part in the activities of trade unions, and
- ii. was compiled with a view to being used by employers or employment agencies for the purposes of discrimination in relation to recruitment or in relation to the treatment of workers, within the meaning of the Employment Relations Act of 1999 (Blacklists) Regulations 2010.

7.2 The relevant Executive Director may terminate, suspend or vary a contract, in accordance with the express or implied terms of the contract and may also take such further action with regard to any contract as the Council is legally entitled to take.

7.3 The relevant Executive Director will notify the Head of Finance and Chief Procurement Officer without delay of any actions taken in accordance with Standing Order 7.1 to 7.2.

Electronic Procurement

8.1 Requests for quotations and invitations to tender shall be issued and/or received by electronic means.

Waiver of Contract Standing Orders or Legislative Exemptions

9.1 The requirement to comply with any provision of these Standing Orders may be waived in accordance with the waiver approval process detailed in the Schedule if on considering a written report by an appropriate officer the waiver is considered to be in the Council's best interests having regard to

9.1.1 Best Value;

9.1.2 any potential risk of successful legal challenge;

9.1.3 the principles of transparency, equal treatment, non-discrimination and proportionality; and

9.1.4 any impact upon services users.

9.2 A record of the decision approving a waiver must be kept by the relevant Executive Director and a copy of such approved waiver provided to the Chief Procurement Officer who shall where appropriate make an entry in the contract register and any other appropriate register.

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9.3 Where approval for a waiver of these Standing Orders has not been obtained in advance the reason for this must be contained in the waiver or Committee report.

9.4 Where a waiver, committee approval or procedure permitted by this Standing Order 9 allows the direct award of a contract which exceeds £50,000 then a contract award notice must be recorded on the Public Contracts Scotland portal and the relevant Executive Director must notify Commercial and Procurement Services of the details to allow entry on the contract register and any other appropriate register,

9.5 Where these Standing Orders have been waived in accordance with this Standing Order 9 the relevant **Executive** Director shall put in place a written contract for that requirement without delay, inform the Chief Procurement Officer and ensure appropriate plans are made for tendering the requirement where appropriate.

9.6 The requirement to waive these Standing Orders is not required where:-

9.6.1 a procedure or specific situation other than the open or restricted procedure is permitted by the 2015 Regulations, 2016 Regulations, the Act, EU law or relevant case law. In deciding whether the use of another procedure or specific situation is permitted the relevant Head of Service or **Executive** Director shall seek advice from the Chief Procurement Officer and/or Head of Legal and Risk

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9.6.2 the circumstances of the proposed contract are covered by legislative exemptions, for example certain research and development services

9.6.3 contracts with another public body for the purposes of ensuring co-operation with the aim of providing public services, -or

9.6.4 a tender process or contract negotiations are currently in progress and contact award and contract commencement is anticipated within four months.

Contract extensions or variations

10.1 Subject to 10.2, an Executive Director (or where the value or consequent change in price does not exceed £25,000, the relevant Head of Service) may authorise an extension to a contract, or any other variation including a consequent change in price, provided such extension or variation has been provided for in the initial procurement documents which may include price revision clauses or options, is not contrary to the Act, the 2015 or 2016 Regulations or the Council's EU obligations.

10.2 An Executive Director or Head of Service shall not extend or vary a contract if such extension or variation is not expressly permitted by the contract without seeking advice from the Head of Legal and Risk or the Chief Procurement Officer.

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10.3 The EU rules on aggregation of contracts shall apply.

11 Consultants

- 11.1 Consultants shall only be appointed where the service cannot be provided by Council staff due to a lack of expertise or capacity.
- 11.2 -The cost of appointing a Consultant shall be contained within the budget of the service or project for which the Consultant is to be appointed.
- 11.3 Executive Directors shall ensure a clear specification identifying the required outcomes shall be in place at the time of appointing the Consultant.
- 11.4 Executive Directors shall ensure that appropriate monitoring arrangements, such as gateway reviews, are in place prior to a Consultant's appointment in order that payments to the consultant are only made in accordance with the satisfactory achievement of measurable outcomes.
- 11.5 Where a Consultant is to be appointed and the services are:-
- 11.5.1 of a financial nature the Head of Finance must be consulted on the scope and specification of the services prior to appointment.
- 11.5.2 of a legal nature the Head of Legal and Risk must be consulted on the scope and specification of the services prior to appointment.
- ~~11.5.3~~ 11.5.3. of an ICT or Digital Services nature, the Head of Customer and Digital Services ~~ICT~~ must be consulted on the scope and specification of the services prior to appointment.
- For all other appointments the relevant Executive Director shall approve the scope and specification where the services (or series of related services) are anticipated to be provided at an aggregate cost of up to ~~£250,000~~.
- 11.6 Where Consultants are appointed, Executive Directors shall ensure that where appropriate, Council staff fill key project roles and work closely with Consultants to maximise the potential for transfer of skills and knowledge to Council staff.
- 11.7 Executive Directors shall maintain up-to-date records on the consultancy spend within their ~~Directorates service area~~ and shall include consultancy spend as a line in the Annual Consultants Report ~~detailed monitoring reports~~ for Finance and Resources Committee ~~months six and twelve of each financial year to CLT~~.
- 11.8 Subject to 11.9 the appointment of a Consultant where the services (or series of related services) are anticipated to be provided at an aggregate cost of ~~£5025,000~~ or more shall follow the approval process detailed in

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the Schedule.

11.9 Further approval shall not be required for services that are essential to the completion of a Pre-Approved Council Project. A Pre-Approved Council Project is a project for which there is:

11.9.1 approved revenue or capital expenditure in accordance with the Council's Financial Regulations; and

11.9.2 for projects that have a Council or appropriate committee report approving the recommendation to commence the project which includes an explicit reference to the requirement for consultants in the delivery of that project.

11.10 Committee approval shall not be required for the appointment of a Consultant employed in ~~the the design, evaluation and~~ delivery of a works contract where the value ~~of that works contract~~ is below the Committee reporting requirements as set out in the Contract Standing Orders for services or works. Any such appointment shall require the prior approval of the relevant Executive Director and the Chief Procurement Officer and details of any such appointments shall be included in a regular update report to CLT for noting.

11.11 In the event that the requirements of 11.9.2 are not met and the use of a Consultant is required as a matter of urgency the urgency provisions set out in provision 4 of the Council's Committee Terms of Reference and Delegated Functions and the Waiver provisions contained in- Contract Standing Order 9 -where appropriate should be followed.

11.12 An Executive Director shall not appoint a former employee who has been granted early retirement or been given a redundancy or severance package ("former employee") as a consultant unless:

11.12.1 a minimum of 1 year has elapsed since the former employee ceased to be employed by the Council; or

~~subject to consultation with the Chief Executive, the Executive Director is satisfied that there is a clear and robust justification for the appointment of the former employee as a consultant.~~

National Frameworks

~~without delay~~ from National Frameworks ~~which comply with the relevant procurement legislation~~ such as those put in place by Scotland Excel, ~~or Scottish Procurement, Yorkshire Purchasing Organisation, Crown Commercial Services or the East Shires Purchasing Organisation~~ without delay the Council may make use of the ~~F~~framework ~~and make purchases under that framework~~ subject to reporting the ~~initial~~ adoption of such ~~F~~frameworks in a six-monthly report to the Finance and Resources Committee

~~12.2 Individual call-off contacts placed under Council or National Frameworks shall be subject to the approvals thresholds as detailed in the Schedule.~~

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Review of Standing Orders

13.1 These Standing Orders will be reviewed at least annually.

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Schedule

RELEVANT VALUES AND ASSOCIATED TENDERING PROCEDURE

Total value for duration of contract or purchase (aggregation rules apply)*	Procedure	Approval of contractual obligation	Committee Approval
Up to £53,000	<p>Use existing local, national, Council framework or call- off contracts or</p> <p>Appropriate choice of provider documenting reasoning and quote or</p> <p>Public Contracts Quick Quote facility.</p> <p>Best Value must be delivered <u>and this will usually be demonstrated by seeking 3 quotes, 3 quotes or 3 price comparisons will be required where possible for all purchases above £3,000</u></p>	Executive Director, Head of Service or such other officer to whom the relevant Executive Director or Head of Service has appropriately delegated their powers to in consultation with Chief Procurement Officer as appropriate	Not required
<p>£53,000 to £25,000 (including excluding health or social care services)</p>	<p>Use existing local, national, Council framework or call- off contracts or</p> <p>Seek a minimum of 3 quotes using Public Contracts Scotland "Quick Quote" facility or</p> <p>3 written/formal quotations – written description of requirements followed by written / electronic submission of quotes</p> <p><u>for Social and other Specific Services for Health or Social Care Services:-</u> <u>Contracts to be awarded in accordance with the</u></p>	Executive Director, Head of Service or such other officer to whom the relevant Executive Director or Head of Service has appropriately delegated their powers to in consultation with Chief Procurement Officer as appropriate, and Head of Legal and Risk as appropriate	Not required

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	<u>Procurement of Care and Support Services 2016 (Best Practice) and any statutory guidance issued under the Act</u>		
£53,000 up to £250,000 for Consultancy spend	<p>Use existing local, national, Council framework or call-off contracts or</p> <p>Seek minimum of 3 quotes using Public Contracts Scotland "Quick Quote" facility <u>up to a value of £50,000</u></p> <p>or</p> <p>written/formal quotations – written description of requirements followed by written / electronic submission of quotes <u>up to a value of £50,000 unless otherwise agreed with Chief Procurement Officer</u></p> <p><u>or</u></p> <p><u>Invitation to tender following public advertisement - Public Contracts Scotland portal and where these are Regulated Procurements comply with the provisions for Regulated procurements as set out in the Act and the 2016 Regulations (generally above £50,000)</u></p>	Executive Director, Head of Service or such other officer to whom the relevant Executive Director or Head of Service has appropriately delegated their powers to in consultation with Chief Procurement Officer and Head of Legal and Risk as appropriate <u>up to £50,000.</u>	Not required
£250,000 and above for Consultancy spend***	<p>Use existing local, national, Council framework or call-off contracts <u>where they comply with the 2015 and 2016 Regulations as applicable</u>, -or-</p> <p>Invitation to tender following public advertisement - Public Contracts Scotland portal and where these are Regulated Procurements- comply with the provisions for Regulated procurements required by the Act and the 2016 Regulations</p>	<u>Not applicable</u>	Approval to award sought from Finance and Resources Committee** or Council <u>where value exceeds £50,000</u>

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	<p>or</p> <p>Public Contracts Quick Quote facility up to a value of £50,000.</p>		
<p>£25,000 and above up to EU Thresholds for services and supplies (in excluding health or social care services and consultancy services)</p>	<p><u>Where Best Value can be demonstrated</u> use existing local, national, Council framework or call-off contracts <u>where they comply with the 2015 and 2016 Regulations as applicable.</u> -or-</p> <p>Invitation to tender following public advertisement – <u>using the</u> Public Contracts Scotland portal and where these are Regulated Procurements <u>comply with the provisions for Regulated procurements required by the Act and the 2016 Regulations</u></p> <p>or</p> <p>Public Contracts Quick Quote facility up to a value of £50,000.</p> <p><u>or</u></p> <p><u>for Social and other Specific Services for Health or Social Care Services-</u> <u>Contracts below EU thresholds to be awarded in accordance with the Procurement of Care and Support Services 2016 (Best Practice) and any statutory guidance issued under the Act</u> <u>Contracts above EU thresholds follow the relevant light touch provisions in the Procurement Regulations</u></p>	<p>Executive Director or Head of Service (where delegated authority has been given) in consultation with- Chief Procurement Officer (and Head of Legal and Risk as appropriate) <u>up to £1million.</u></p>	<p><u>Approval to award sought from Finance and Resources Committee** or Council</u> <u>where value exceeds £1million</u> <u>Not required</u></p>
	<p>Use existing local, national, Council framework or call-off</p>	<p>Executive Director or Head of</p>	

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<p>£25,000 and above for works up to EU Thresholds for works</p>	<p>contracts <u>where they comply with the 2015 and 2016 Regulations as applicable</u>, or</p> <p>Public Contracts Quick Quote facility up to a value of £2million.</p> <p>Invitation to tender following public advertisement - Public Contracts Scotland portal- and where these are Regulated Procurements comply with the provisions for Regulated procurements as set out in the Act and the 2016 Regulations</p>	<p>Service- (where delegated authority has been given) in consultation -with Chief Procurement Officer (and Head of Legal and Risk as appropriate) up to £500,000.</p> <p>Executive Director approval- in consultation and -Chief Procurement Officer (and Head of Legal and Risk as appropriate), between £500,000 and £2million.</p>	<p>Approval to award sought from Finance and Resources Committee** or Council where value exceeds £2million</p>
<p>£25,000 up to EU Threshold for Social and other Specific Services for Health or Social Care Services</p>	<p>Use existing local, national, Council framework or call-off contracts or</p> <p>Contracts to be awarded in accordance with the Procurement of Care and Support Services 2016 (Best Practice) and any statutory guidance issued under the Act</p>	<p>Executive Director or Head of Service (where delegated authority has been given) in consultation with Chief Procurement Officer (and Head of Legal and Risk as appropriate) up to EU threshold for Social and other Specific Services for Health or Social Care Services</p>	<p>Not required.</p>
<p>Above EU Threshold for services, Social and other Specific Services and supplies</p>	<p>Use existing local, national, Council framework or call-off contracts, or</p> <p>Invitation to tender following advertisement in OJEU - Public Contracts Scotland portal</p> <p>or</p>	<p>Executive Director approval in consultation with Chief Procurement Officer (and Head of Legal and Risk as appropriate), up to £1million</p>	<p>Approval to award sought from Finance and Resources Committee** or Council where value exceeds £1million</p>

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	<p>negotiated procedure without prior publication, competitive procedure with negotiation, competitive dialogue or innovative partnerships where permitted by the 2015 Regulations</p>		
<p>Above EU Threshold for works</p>	<p>Use existing local, national, Council framework or call-off contracts, or</p> <p>Invitation to tender following advertisement in OJEU – Public Contracts Scotland portal</p> <p>or</p> <p>negotiated procedure without prior publication, competitive procedure with negotiation, competitive dialogue or innovative partnerships where permitted by the 2015 Regulations</p>		<p>Approval to award sought from Finance and Resources Committee** or Council</p>
<p><u>Above £50,000 for individual call off-contracts for services and supplies placed placed under National Frameworks subject to compliance with the relevant procurement legislation (excluding consultancy services)</u></p>	<p>In accordance with the call-off provisions specified for that <u>National Framework.</u></p>	<p><u>Executive Director or Head of Service (where delegated authority has been given) in consultation with Chief Procurement Officer (and Head of Legal and Risk as appropriate) up to £1million.</u></p>	<p><u>Approval to award sought from Finance and Resources Committee** or Council where value exceeds £1 million</u></p>
<p><u>Above £50,000 for individual call off-contracts for works placed under National Frameworks subject to compliance with the relevant procurement legislation (excluding consultancy services)</u></p>	<p>In accordance with the call-off provisions specified for that <u>National Framework.</u></p>	<p><u>Executive Director or Head of Service (where delegated authority has been given) in consultation with Chief Procurement Officer (and Head of Legal and Risk as appropriate) up to £500,000.</u></p>	<p><u>Approval to award sought from Finance and Resources Committee** or Council where value exceeds £2million.</u></p>

		<u>Executive Director approval in consultation with the Chief Procurement Officer (and Head of Legal and Risk as appropriate), between £500,000 and £2million.</u>	
Above EU Threshold for concession contracts	Publication of a Concession Notice in OJEU and compliance with the requirements of the Concession Contracts (Scotland) Regulations 2016	Executive Director approval in consultation with the Chief Procurement Officer (and Head of Legal and Risk) as appropriate) up to £5million	Approval to award sought from Finance and Resources Committee** or Council— where the value exceeds £5million

* the estimated value of the contract is the value of the total consideration (not including VAT) which the Council expects to be payable under or by virtue of the contract. Contracts must not be artificially disaggregated.

**Contracts for Lothian Pension Fund shall be subject to Pensions contracts may seek the approval of the Pensions Committee.

*** **The provisions of 11.9 Consultants shall apply**

WAIVER APPROVAL PROCEDURE

* the estimated value of the contract is the value of the total consideration (not including VAT) which the Council expects to be payable under or by virtue of the contract.

Total value for duration of Waiver (aggregation rules apply)*	Approval of waiver	Committee Approval
Up to £53,000	Not required	Not required
Above £53,000 to £50,000 (excluding consultancy spend)	The relevant- Executive Director or Head of Service to whom the relevant Executive Director has appropriately delegated their powers to and the- Chief Procurement Officer	Not required
Above £50,000 -£250,000 (£53,000-£250,000 in the case of consultancy spend)	The relevant -Executive Director, and the Executive- Director of Resources (or the Chief Executive where the relevant Executive Director is the -Executive Director of Resources)	Not required
Above £250,000 (above £250,000 in the case of consultancy spend)		Approval to waive sought from Finance and Resources Committee** or Council as the Chief Executive considers appropriate

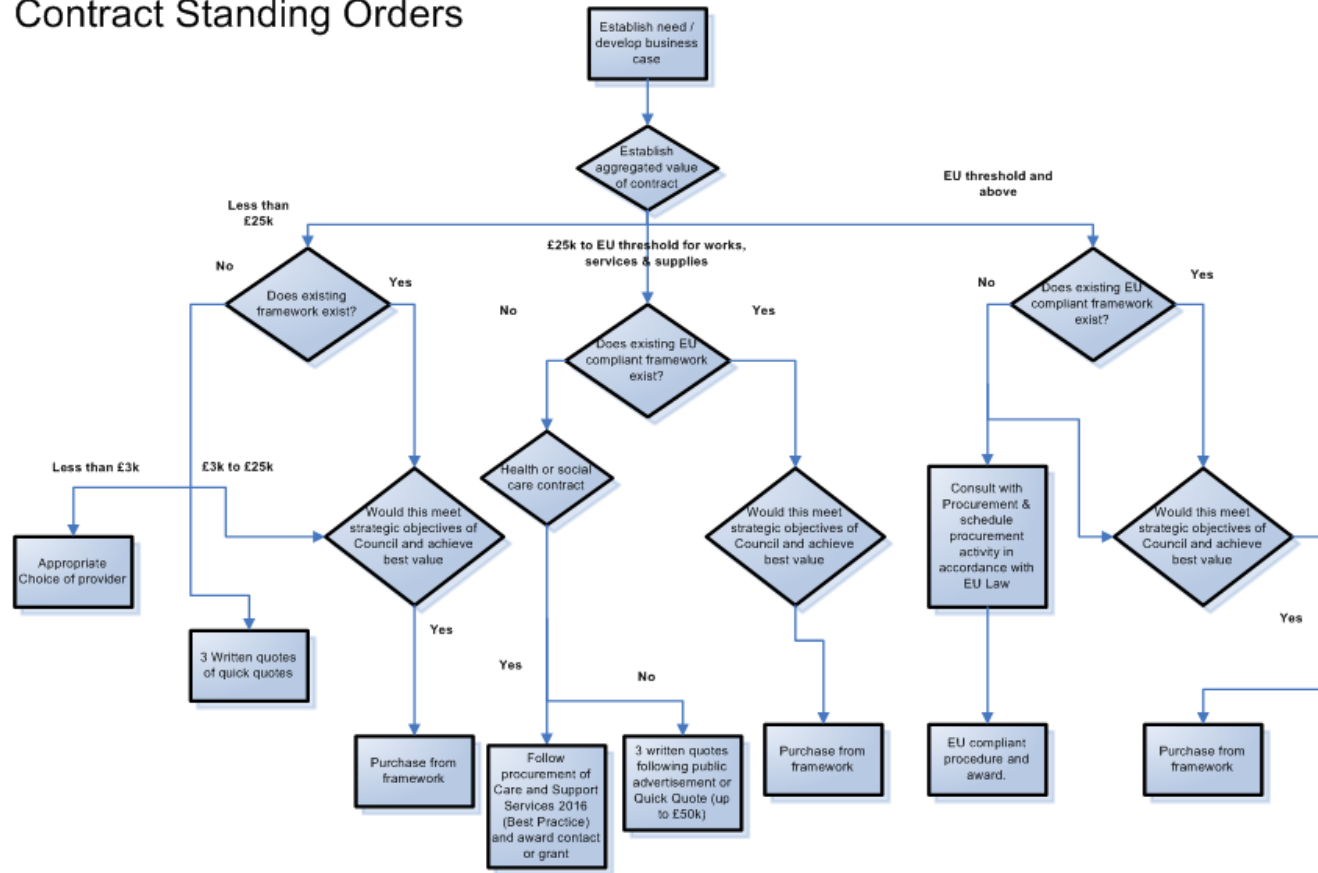
Contracts must not be artificially disaggregated.

**Contracts for Lothian Pension Fund shall be subject to the approval of the Pensions Committee.

*** The provisions of 11.9 Consultants shall apply

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Contract Standing Orders



The City of Edinburgh Council

May 2015 to May 2019

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
1	22-06-17	Appointments to Neighbourhood Partnerships and Locality Committee Senior Councillor Allowances	<p>The role of the senior councillor for each locality will be to chair the Locality Working Group for each area, oversee the formation and implementation of the new locality committees and each locality plan in line with the Working Group's decisions.</p> <p>These roles would be reviewed and a report brought back to Council in early 2018.</p>	Chief Executive	December 2018	7 February 2019	<p>Recommended for closure</p> <p>Report to Council on 7 February 2019</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
2	29-06-17	Attracting and Retaining Carers - Motion by Councillor Miller (Council A Agenda - 29 June 2017)	Agrees to call for a report into the improvements including pay and conditions that could attract and retain care workers, in comparison to other employment options, and meet the shortfall in care provision, taking into account the results of the research.	Chief Officer, Edinburgh Health and Social Care Partnership	Confirmation following consideration at the IJB		Additional care in the community funding of £4m has been received. A report will be presented to the IJB on the issue.
3	26-10-17	Statues - motion by Councillor Mowat (Council Agenda of 26 October 2017)	To call for a Members' Briefing, which was publicly available, detailing: 1. Whether the rubbing and exposure of the bronze does damage the statue and what is the nature of this damage and whether it affects the structure of the statue or is	Executive Director of Place	June 2019		A Members' Briefing will be circulated in June 2019.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			<p>cosmetic.</p> <p>2. Recognising that it is very difficult to change human nature and prevent people from interacting with these statues what measures are available to protect these statues and the costs of these if indeed it is deemed necessary to take such measures; and</p> <p>3. If evidence concludes that the discolouration is damaging in a material way to the statues what factors should be taken into consideration when commissioning or advising on new</p>				

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			statues to prevent this happening to any such new commissions.				
4	03-05-18	Webcasting of Public Meetings – Motion by Councillor Miller (Agenda of 3 May 2018)	To agree to a short report, 6 months from now, on how the Pensions Committee, Licensing Board and the Edinburgh Integration Joint Board had responded to the offer of webcasting facilities.	Chief Executive	November 2018		Recommended for closure Report to Council on 22 November 2018
5	31-05-18	Private Business – Motion by Councillor Lang (Agenda of 31 May 2018)	Recognises the need for confidential matters to be handled in a consistent manner by elected members but notes there are currently no formal provisions for when the confidentiality around specific matters is lifted and matters can be shared and discussed publicly. Requests that council	Chief Executive	November 2019		This has been delayed due to the European Election and is now expected to be completed by November 2019. On 31 May 2018 the Council agreed a motion by Councillor Lang to explore

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			<p>officers use the planned report on political management arrangements at the 28 June Council meeting to include proposals to either amend standing orders or issue formal guidance to address this issue.</p>				<p>whether further provision should be made for private business at committee. It is proposed that Procedural Standing Orders are amended to articulate the rules around taking matters in private and also provide greater clarity on meetings in public. The motion also asked that the question of when confidentiality should be lifted is addressed. There is no one answer for this, as the reasons for a</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							matter being in private vary and it is suggested that the matter is explored further as part of the work on the Member/Officer Protocol.
6	28-06-18	PPP Schools and Non Core Charges - motion by Councillor Staniforth (Council Agenda - Version 2 - 28.06.18)	Agrees to delay the imposition of the £35/hour non-core-hour extra charge at PPP schools while a full consultation with sports clubs and other affected bodies is carried out and for a report to be presented to full council or appropriate committee setting out the potential impacts and detailing options for mitigation.	Executive Director for Communities and Families	11 December 2018	11 December 2018	Recommended for closure Report to the Education, Children and Families Committee on 11 December 2019

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
7	23-08-18	World Suicide Prevention Day – Motion by Councillor Bird (Agenda - The City of Edinburgh Council - 23.08.18)	Calls for a report within 3 cycles outlining actions currently being taken and what further actions are required to offer training sessions to elected members, council officers and within schools in mental health first aid to enable informed and supportive conversations.	Chief Officer, Edinburgh Health and Social Care Partnership		4 December 2019	Recommended for closure Report to Corporate Policy and Strategy Committee on 4 December 2019.
8	20-09-18	Elected Member Champions	To agree to a monitoring report on work carried out in one year's time.	Chief Executive	September 2019		
9	25-10-18	Top-up Funding for Community Councils – Motion by Councillor Staniforth (Agenda - The City of Edinburgh Council - 25.10.18)	Agrees to investigate the provision of shared services (web hosting, consultation hub, insurance) as well as support and training for community councillors to avoid having to hire outside expertise (such as for minute-taking) and report back as part of the	Chief Executive	27 June 2019	27 June 2019	Recommended for closure This was fed into the review of community council scheme due to be presented for approval at Council on 27

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			review of the community council scheme				June 2019. Following community council elections in October 2019 a training, induction and capacity building programme will be held focussing on key issues identified in this motion and through consultation exercises.
10	22-11-18	Caseworker Software Package – Motion by Councillor Neil Ross (Agenda - The City of Edinburgh Council - 22.11.18)	That a briefing note on the issue be circulated to members	Chief Executive		22 November 2018	Recommended for closure Briefing was issued to members on 22 November 2019

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
11	22-11-18	Strategic Transport Project Review 2 (STPR2) – Motion by Councillor Jim Campbell (Agenda - The City of Edinburgh Council - 22.11.18)	To call for a briefing note to identify any other transport modelling work that should be carried out in the interests of the City, and in support of City Plan 2030 and any other significant transport changes that were planned, but were not within the scope of STPR2 or would not be supported by the STPR2 timescales, including, but not limited to, active travel infrastructure linked to the Sheriffhall roundabout, as requested by Spokes and others.	Executive Director of Place	August 2019		
12	07-02-19	Review of Locality Committees	To request that the Chief Executive report to Council on a re-alignment of the political management arrangements which: a) Addressed the	Chief Executive		30 May 2019	Recommended for closure Report to Council on 30 May 2019

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			<p>imbalances of workload between executive committees;</p> <p>b) Considered the use of working groups by committees;</p> <p>c) Addressed the lack of policy business at Council meetings;</p> <p>d) Created greater scope for scrutiny of key Council services by executive committees; and</p> <p>e) Should be capable of implementation by 1 August 2019.</p>				

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
13	07-02-19	Sponsorship of Built Environment and Land Assets – Motion by Councillor Laidlaw (Agenda - The City of Edinburgh Council - 10.05am - 07.02.19)	Notes the experience of the Head of Place Management at City of Edinburgh Council in delivering such projects, and asks the Director of Place to bring a report within two cycles to Full Council that outlines options available including cost modelling and specific examples.	Executive Director of Place	September 2019		
14	07-02-19	EIJB (Health and Social Care Partnership) – Motion by Councillor Jim Campbell (Agenda - The City of Edinburgh Council - 10.05am - 07.02.19)	Requires an urgent briefing from the Chief Executive to detail: 1) Any discussions between Council Officers and the Edinburgh Integrated Joint Board on the level of budget contributions from the Council to the Board for financial year 2019/	Chief Executive		21 February 2019	Recommended for closure Briefing note issued to members on 21 February 2019

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			<p>2020;</p> <p>2) The level of budget contributions that the Edinburgh Integrated Joint Board has suggested it would require from the City of Edinburgh Council for the coming financial year;</p> <p>3) The process by which any dispute over the required level of budget contribution from City of Edinburgh Council to the Edinburgh Integrated Joint Board would be resolved;</p> <p>4) An explanation of how the City of Edinburgh Council shall manage such a dispute over budget contributions,</p>				

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			<p>including details of any financial contingencies and temporal mismatches in the budget timelines of the Council and the Board;</p> <p>5) An opinion from the Council's Section 95 Chief Financial Officer on the impact of Council setting a budget that might not include our best understanding of in year expenditure pressures.</p>				
15	14-03-19	Outcomes of the Statutory Consultation Proposing to Realign the Catchment Areas of Currie PS, Nether Currie PS, Dean Park PS,	To continue consideration of the matter for a further report on the proposals, to the next meeting of the Council	Executive Director for Communities and Families			<p>Recommended for closure</p> <p>Report to Council on 2 May 2019</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
		Currie HS and Balerno HS					
16	(a) 02-05-19	Review of Appointments to Committees, Boards and Joint Boards for 2019-2020	<p>To continue for a further report to the next meeting on the legal opinion of agreeing changes to the Added Members for Education Matters on the Education, Children and Families Committee as follows –</p> <p>(a) To add an additional parent representative.</p> <p>(b) To add a senior pupil representative.</p> <p>(c) To make all Added Members for Education Matters non-voting members.</p>	Chief Executive		30 May 2019	<p>Recommended for closure</p> <p>Report to Council on 30 May 2019 (see 16(b) below)</p>
	(b) 30-05-19	Added Members and Voting Rights on the Education, Children and	<p>1) To delay the determination of whether to add members and</p>	Chief Executive	August 2019		

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
		Families Committee – Legal Opinion	<p>whether or not to remove voting rights of added members to the August sitting of Council, to allow time for review of similar proposals being implemented by Perth and Kinross Council.</p> <p>2) To ask officers to update the report for the Meeting Papers of the August Council to include information on the outcomes of changes to voting rights of added members on the Education and Lifelong Learning Committee of Perth and Kinross Council.</p>				

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
17	02-05-19	Senior Councillor Allowances- Appointment of Vice-Conveners	<p>1) To continue consideration of the matter until the review of committee structures was agreed.</p> <p>2) To agree that the report reviewing committee structures should include justifications for any vice convener positions describing the special responsibilities for which they will receive their allowance and review parity among Committee Conveners.</p>	Chief Executive		30 May 2019	<p>Recommended for closure</p> <p>Report to Council on 30 May 2019</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
18	30-05-19	Council Question by Councillor Webber on Taxi Usage Minute of 2 May 2019	To note that the answer to Councillor Webber's question (Question 4 – Taxi Usage) was incomplete, and to ask for a review of the data recording arrangements	Chief Executive		27.06.19	Recommended for closure A review of the arrangements and processes for the booking and recording of taxis has been carried out and the Council Question has now been answered.
19	30-05-19	Motion by Councillor Watt – Threatening Behaviour Towards Councillors (Agenda - The City of Edinburgh Council - 30.05.19)	To ask that a protocol be developed for Councillors to report incidents to the Council so that they can receive appropriate support.	Chief Executive	August 2019		

Pensions Committee

2.00pm, Wednesday, 26 June 2019

LPF Unaudited Annual Report (and Financial Statements) 2019

Executive/routine Wards	All
Council Commitments	Delivering a Council that works for all

1. Recommendations

The Pensions Committee (**Committee**) is requested to:

- 1.1 **note** the unaudited Annual Report (and Financial Statements) for the year ended 31 March 2019 for Lothian Pension Fund and Scottish Homes Pension Fund; and
- 1.2 **refer**, for the purposes of noting, the unaudited Annual Report 2019 to the next meeting of the City of Edinburgh Council.

Stephen S. Moir

Executive Director of Resources

Contact: John Burns, Chief Finance Officer, Lothian Pension Fund, Lothian Pension Fund

E-mail: john.burns@edinburgh.gov.uk | Tel: 0131 469 3711

LPF Unaudited Annual Report (and Financial Statements) 2019

2. Executive Summary

- 2.1 The purpose of this report is to present the unaudited Annual Report (and Financial Statements) for the year ended 31 March 2019 for Lothian Pension Fund and Scottish Homes Pension Fund.
- 2.2 A copy of the unaudited Pension Funds' Annual Report 2019 is attached as Appendix 1.
- 2.3 The financial statements of Lothian Pension Fund reflect the consolidation of the former Lothian Buses Pension Fund.
- 2.4 With positive investment returns achieved over the financial year, the Accounts show that the Lothian Pension Fund net asset valuation increased from £7,174m (as adjusted to include the former sub-fund of Lothian Buses Pension Fund) to £7,819m and, given its mature membership profile, Scottish Homes Pension Fund increased very marginally from £164m to £165m.

3. Background

Statutory provisions and accounting guidance

Local Government (Scotland) Act 1973

- 3.1 Section 95 of the Local Government (Scotland) Act 1973 states that “every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that the proper officer of the authority has responsibility for the administration of those affairs”. The Head of Finance serves as the Section 95 Officer for all of the City of Edinburgh Council's accounting arrangements, including those of the Pension Funds, however, this Section 95 responsibility has been delegated to the Chief Finance Officer, Lothian Pension Fund.

- 3.2 The Act 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. Reflecting Audit Scotland guidance, the Annual Report should be referred to full Council for the purpose of noting. The next Council meeting is on 27 June 2019.

Accounting and other guidance

- 3.3 The content of the “Pension fund annual report” is governed by Local Government Pension Scheme (Scotland) Regulations 2018, Regulation 55. This regulation states:

“(1) An administering authority must, in relation to each year beginning on 1st April 2015 and each subsequent year, prepare a document (“the pension fund annual report”) which contains—

- (a) a report about the management and financial performance during the year of each of the pension funds maintained by the authority;
- (b) a report explaining the authority’s investment policy for each of those funds and reviewing the performance during the year of the investments of each fund;
- (c) a report of the arrangements made during the year for the administration of each of those funds;
- (d) for each of those funds, a statement by the actuary who carried out the most recent valuation of the assets and liabilities of the fund in accordance with regulation 60 (actuarial valuations of pension funds), of the level of funding disclosed by that valuation;
- (e) the current version of the statement under regulation 53 (governance compliance statement);
- (f) for each of the funds, the fund account and net asset statement with supporting notes and disclosures prepared in accordance with proper practices;
- (g) an annual report dealing with—
 - (i) the extent to which the authority and the Scheme employers in relation to which it is the administering authority have achieved any levels of performance set out in a pension administration strategy in accordance with regulation 57 (pension administration strategy); and
 - (ii) such other matters arising from a pension administration strategy as it considers appropriate;
- (h) the current version of the statement referred to in regulation 56 (funding strategy statement);

(i) the current version of the statement under regulation 12 of the Local Government Pension Scheme (Management and Investment of Funds) (Scotland) Regulations 2010 (statement of investment principles);

(j) the current version of the statement under regulation 59 (statements of policy concerning communications with members and Scheme employers); and

(k) any other material which the authority considers appropriate.”

- 3.4 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 Chartered Institute of Public Finance and Accountancy (CIPFA) guidance “Accounting for Local Government Pension Scheme Management Costs”.
- 3.5 In March 2016, CIPFA revised and updated this guidance. 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”.
- 3.6 In May 2018, CIPFA published “Proposals for LGPS Fund Reporting in a ‘Pooled World’”. “This sets out proposals for revised reporting for LGPS pension funds to meet a number of objectives”, including “to further enhance reporting of costs reflecting the introduction of the LGPS SAB Code of Transparency for asset managers, and initiatives underway by the Financial Conduct Authority (FCA) and Department for Work and Pensions (DWP) which aim to create more transparent and granular reporting standards for both providers and trustees This paper has been issued by CIPFA as good practice which is to be incorporated into 2018/19 Annual Report guidance for local government pension funds....”.
- 3.7 Most recently, in March 2019, CIPFA published “preparing the annual report - Guidance for Local Government Pension Scheme Funds (LGPS) 2019 Edition”. The purpose of this guidance is to assist local government pension funds with the

preparation and publication of the annual report required by Regulation 55 of The Local Government Pension Scheme (Scotland) Regulations 2018.

- 3.8 The financial statements of Lothian Pension Fund and Scottish Homes Pension Fund continue to include full transparency of all investment management fees.
- 3.9 With the, FCA regulated, investment services company, LPFI Limited, commencing trading on 28 February 2017, consolidated financial statements have again been prepared for Lothian Pension Fund for the year ended 31 March 2019. These consolidated financial statements combine those of the Fund (the parent entity) and its controlled entities (the investment staffing company, LPFE Limited, and now also LPFI Limited) as defined in International Accounting Standard (IAS) 27.

4. Main report

LPF Unaudited Annual Report 2019

- 4.1 A copy of the unaudited Annual Report (and Financial Statements) for the year to 31 March 2019 for Lothian Pension fund and Scottish Homes Pension Fund is attached as Appendix 1.
- 4.2 In considering the unaudited Pensions Funds' Annual Report, Committee should note the following:

Financial summary

- 4.2.1 With positive investment returns achieved over the financial year, the Accounts show that the Lothian Pension Fund net asset valuation increased from £7,174m (as adjusted to include the former sub-fund of Lothian Buses Pension Fund) to £7,819m and, given its mature membership profile, Scottish Homes Pension Fund increased very marginally from £164m to £165m.

Consolidation of the former Lothian Buses Pension Fund

- 4.2.2 Section 2.5 of the Code states that 'The combination of two or more local authorities into one new authority, or the transfer of functions from the responsibility of one authority to another, shall be accounted for under the principles that apply to group reconstructions and shall be accounted for as either a transfer by absorption or a transfer by merger.' 'Transfers by merger are rare transactions but may occur when legal transfers take place and management of the local government entity consider that in substance for a true and fair presentation of the local government entity the financial statements would be best presented as if the entity had always existed in its newly combined form. The results and cash flows of all of the combining bodies (or functions) should be brought into the financial statements of the combined body from the beginning of the financial year in which the combination occurred.....'
- 4.2.3 Specialist legal opinion had been sought prior to the merger of Lothian Buses Pension Fund. This concluded that "...Lothian Buses Pension Fund was set up as a 'further fund', within the meaning of the Local Government Superannuation (Funds)

(Scotland) Regulations 1986 (the 'Funds Regulations')...At the time when the Admission Agreement was entered into, there was a clear mechanism under legislation whereby a 'further fund' could be dissolved and transferred back into the Main Fund." Also, "It is worth noting that, under the Admission Agreement..., Lothian Buses was admitted first of all to the Main Fund (immediately following which) the further Fund was set up". Accordingly, with such assurance that "the newly combined body or functions has always existed", the consolidation of Lothian Buses Pension Fund "sub-fund" into Lothian Pension Fund has been accounted for by the 'transfer by merger'.

Contingent liabilities

Court of Appeal age discrimination cases (McCloud and Sargeant)

- 4.2.4 As previously reported to Pensions Committee in March 2019, there remains significant uncertainty as to the value of current public service pension arrangements following the Court of Appeal judgments in the cases of McCloud and Sargeant on 20 December 2018, namely that these age-related transitional arrangements were held to be discriminatory. It is anticipated that other public service pension schemes across the UK may be affected by this decision, including LGPS Scotland, notwithstanding that the nature of the comparable transitional arrangements implemented for local government pension schemes (statutory underpin) was slightly different from those adopted for the unfunded schemes. Accordingly, a contingent liability is disclosed by LPF (note 32 of the LPF Financial Statements).

Guaranteed Minimum Pension (GMP) indexation and equalisation in respect of the Local Government Pension Scheme

- 4.2.5 Similarly, the uncertain cost implications of GMP (how government should continue to meet its obligations to index (price protect) and equalise (make equal payments to men and women)) were also reported previously to Pensions Committee.

Further consideration will be given by the UK Government in relation to members whose State Pension Age falls after 5 April 2021. Costs for the entire LGPS have been estimated as being of the order of 0.5% of accrued liabilities (approximately £1 billion) if full indexation were to be provided to all members reaching SPA after 5 April 2016."

Governance

- 4.2.6 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.
- 4.2.7 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.

- 4.2.8 The funds have separate Actuarial Statements, 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 2017, with commentary by the actuary of the experience over the subsequent years.

5. Next Steps

- 5.1 Following the consideration of the unaudited Annual Report 2019 by Pensions Committee, the next steps will be:

- (a) City of Edinburgh Council should note the Annual Report 2019 at its meeting on 27 June 2019.
- (b) In order to meet the statutory timetable, the Pensions Audit Sub-Committee of 24 September 2018 and thereafter the Pensions Committee, at its meeting on 25 September 2019, will consider the following reports:
 - i. the “Lothian Pension Funds 2018/19 Annual Audit Report to Members and the Controller of Audit” by the independent auditor. This report shall summarise all significant matters arising from the audit and overall conclusions about the management of key risks. This shall also fulfil the requirements of “International Standards on Auditing (UK) 260: Communication with those charged with governance”;
 - ii. the audited Annual Report (and Financial Statements) for the year to 31 March 2019 for Lothian Pension fund and Scottish Homes Pension Fund
- (c) It is anticipated that City of Edinburgh Council should note the audited Annual Report 2019 at its meeting on 26 September 2019.

6. Financial impact

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

7. Stakeholder/Community Impact

- 7.1 The Pension Board, comprising employer and member representatives, is integral to the governance of the pension funds and they are invited to comment on the relevant matters at Committee meetings.

- 7.2 There are no adverse health and safety, governance, compliance or regulatory implications as a result of this report. The forward planning of the Committees' agendas should facilitate improved risk management and governance for the pension funds.
- 7.3 There are no adverse sustainability impacts arising from this report.

8. Background reading/external references

- 8.1 None.

9. Appendices

Appendix 1: Unaudited Annual Report (and Financial Statements) 2019 for Lothian Pension Fund and Scottish Homes Pension Fund;

Appendix 2: City of Edinburgh Council – Statement on the system of internal financial control by Head of Finance; and

Appendix 3: Lothian Pension Funds – Statement on the system of internal financial control by Chief Finance Officer, Lothian Pension Fund



Unaudited Annual Report and Accounts 2018/19



Lothian Pension Fund
Scottish Homes Pension Fund



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Foreword

Report by the Convener of the Pensions Committee



I am delighted to present the Annual Report and Accounts for the Lothian Pension Fund and Scottish Homes Pension Fund for 2018/19.

During the year, a decision was taken to merge Lothian Buses Pension Fund with the Lothian Pension Fund by the Pensions Committee in March 2018. Following completion of a revised admission agreement and shareholders' guarantees, the merger took place on 1 February 2019. The merger puts in place an employer guarantee and, facilitated by the new employer asset tracking system, will see the creation of a bespoke investment strategy for Lothian Buses within the Lothian Pension Fund. This means that there will not be separate accounts or a valuation from this date. The change will not affect member benefits and is expected to result in more efficiencies leading to lower costs.

Within the wider Scottish Local Government Pension Scheme, the Scheme Advisory Board in Scotland initiated a consultation on the future structure of the LGPS in June 2018. The review will determine if the current 11 fund structure best serves the members and employers.

The consultation identified four options for consideration including retaining the current structure, greater co-operation between funds, pooling investments only and full merger into one or more new funds.

The Fund's preferred option would be to work with like-minded partners on a voluntary basis to develop a mutually beneficial merger solution. The Fund has made significant inroads in its collaboration via its FCA authorised company with two other LGPS funds. Partner funds are benefiting from Lothian's internal resource and we are sharing our costs. However, there has not yet been any significant impact on any of Lothian's investments. The arrangements are expected to evolve and for Lothian to benefit from greater overlap in investments. The governance of Lothian's collaborative arrangements is not straightforward. While other funds rely on advice from Lothian, they need to continue to be resourced appropriately to make decisions for their respective funds. Further, there are practical constraints to the expansion of this type of collaboration.

Finally, during the year Clare Scott stepped down after 13 years with the Fund, the last 6 years as Chief Executive Officer. I would like to record my personal thanks and those of the Pensions Committee and Board for leading the transformation of the Fund during her time with the Fund. Doug Heron joined as the new Chief Executive Officer in February of this year. I am delighted Doug has joined us and I believe he is ideally qualified to continue the successful delivery of the Lothian Pension Fund's work and look forward to working with him.

**Councillor Alasdair Rankin
Convener, Pensions Committee**



Report by the Convener of the Pensions Audit Sub-Committee



The function of the Pensions Audit Sub-Committee is to monitor the operation of the Fund's internal controls, governance, risk and compliance

arrangements and financial reporting.

The Sub-Committee formally met three times during the year. The key activities undertaken in 2018-19 included considering the Annual Report and Accounts and both the internal and external audit reports. Other highlights have covered risk assurance, fraud prevention, tax recovery on investment income and investment custodian services.

I believe the Audit Sub-Committee plays a valuable role in the governance of the pension funds and adds value to members and employers.

Councillor Cameron Rose Convener, Audit Sub-Committee

Report by the Chair of the Pension Board



The Pension Board, whilst not a directly decision-making body, holds an important scrutiny function and its role is in ensuring the Fund compliance with the Scheme's rules and other pensions regulations;

Including those set out by The Pensions Regulator which relate to the running of the Lothian Pension Fund, thereby ensuring both its effective and efficient governance and administration.

Its members are drawn equally from across the Fund's employers and members and is made up of five employer and five member representatives who meet in session before all quarterly Pension Committee meetings, which they also attend.

Each of the members appointed to the Board is required to undertake extensive training each year in order to ensure their continuing development and understanding of their role, and the management and the various operations of the Fund.

During the preceding 12 months the Board has once again dealt with a wide range of matters, including changes to its own constituent membership. Despite these unexpected personnel changes, the Board has continued to diligently fulfil all of its responsibilities.

I would therefore take this opportunity to offer my personal thanks to all those Board Members that have been involved with, and supported, the Board and its work during this past year.

Earlier in the year the Scottish Government, via the Scottish Scheme Advisory Board, instigated a major review of the 'Effectiveness of the Governance' arrangements for all 11 Local Government Pension Funds across Scotland. The Board has been involved in shaping the Fund's response to this important document taking part in a number of sessions to discuss the options the Fund felt would ultimately ensure the best long-term future for members and employers.



The Board also continued to maintain an active interest in relation to the governance of the Fund's Investment Strategy and its considerations of the various Environmental, Social and Governance issues being brought to its attention.

This year the Board was (for the first time) actively involved in supporting the Fund's selection process relating to the appointment of its new Independent Professional Observer (IPO). This is an important external role in supporting the Pensions Committee and Board.

Having been in existence since 2015 the Board members also considered its 'Constitution' and in particular the required 'annual rotation' of the position of Chair. It was generally felt (and subsequently unanimously agreed) that this arrangement did not give the Chair sufficient time in relation to both the understanding and duties of the role. The Board therefore (with the Pension Committee's subsequent agreement) opted to implement a change to its Constitution.

Therefore from 2019/20 the Chair will have (subject to certain caveats) the ability to undertake a further subsequent year in the role. This change will now see the position rotate every two years instead of annually and in accordance with this new rule, I will now be continuing as Board Chair until March 2020.

I look forward to once again working on your behalf and with all of the Members of the Board for a further year.

Jim Anderson
Union representative and Chair of the Pension Board

Report by the Independent Professional Observer

I was appointed as the Fund's independent professional observer in August 2018. My role helps strengthen Fund governance by providing the Pensions Committee and Pension Board with independent advice and impartial knowledge independently from the Fund officers.



I have more than 30 years of pension experience working with pension trustees and sponsors on a wide range of investment, actuarial and governance issues.

In my first term as observer I have held surgeries to assist the Pensions Committee and Pension Board to provide oversight of the pension funds. Topics such as funding, investment and collaboration have been considered in addition to the normal business of funds.

Andy McKinnell
Independent Professional Observer



Management commentary

Introduction

During the year we welcomed 4,379 new members to the Fund and supported 1,506 new retirements. We made 384,490 pension payments totalling more than £231 million to 30,623 members to support their lives in retirement. We scored 92.7% for member satisfaction. At Lothian Pension Fund we have a member-first mindset and we're proud to be the Local Government Pension Scheme for 84,317 public sector workers, former workers, or their beneficiaries, across Scotland.

Change in structure

During the year, and as stated in the Introduction from the Convener, the Committee approved the merger of the Lothian Buses Pension Fund with the Lothian Pension Fund and I am pleased to report that this was completed earlier this year and the path is set for us to realise a range of operational efficiencies and reductions in overheads.

Within the Lothian Pension Fund, we operate a unitised, or segmented, structure for assets and liabilities which allows us to monitor and manage assets and liabilities according to the sponsoring employer of the member. This allows us to develop and operate appropriate investment strategies and to ensure employers pay contributions aligned to the costs of benefit entitlement for their members.

As a result, Lothian Buses, like any other sponsoring employer in our Fund, pays only the costs of their

OUR MISSION

To provide a sustainable and valued saving solution for public sector employees and their employers.

members but now shares the benefit of lower administration costs from the merged Fund.

Funding Levels

The 2017 triennial valuation was completed in the previous financial year and reflected for Lothian Pension Fund, a funding level increase from 91% at 31 March 2014 to 98% at 31 March 2017.

For Lothian Buses Pension Fund, the funding level on the ongoing basis rose from 117% in 2014 to 121% at 31 March 2017, showing a surplus of £84million.

The funding level for Scottish Homes Pension Fund at 31 March 2017 was 104.7%, increased from 88.8% from the 2014 actuarial valuation.

The next valuation is expected to be undertaken at 31 March 2020. At the time of writing we expect a move to quadrennial, or four-yearly, valuations creating in effect a longer period between valuation points.

In practice this is not expected to result in any added volatility for funding levels across the longer period, with contribution stability mechanisms expected to continue to result in certainty of costs for employers across budget cycles.



Affordability of scheme membership

During the year we were pleased to work with a number of smaller sponsoring employers to facilitate their orderly exit from active scheme membership, allowing those employers to limit the extent of future balance sheet risk. The financial benefits of scheme membership to employees are significant and increasingly costly as economic conditions and longevity factors combine to sustain the pressure on contribution rates. Where employers, primarily community admitted bodies, have affordability concerns or wish to limit their balance sheet risk we seek to agree payment and investment strategy outcomes that achieve our shared goal of sustainable and secure benefits for members.

Our people

The team at LPF now number 68 performing functions of benefit administration and investment management, supported by functions which include member communications, legal, risk, compliance, finance and HR. The team are employees of LPFE limited, an arms-length external organisation of the administering authority, City of Edinburgh Council. LPFE operates under a company board with an independent non-executive member.

During the year we had a change in Chief Executive Officer with Clare Scott moving on in December 2018 and Doug Heron succeeding her in early 2019. During her 13 years with the Fund Clare was instrumental in developing the team and the operations that support our members. We would also like to recognise her contribution to the developments at national level through her role as an advisor to the Scheme Advisory Board (SAB).

The Fund is unique in SLGPS in holding FCA authorisation and employing professionals who manage investments primarily in-house instead of through more costly external asset manager appointments. Our total complement for such roles in our organisational structure grew in the year to 15.

The team therefore requires a matching of skills and experience similar to roles in the private sector and we recognise we must compete with financial services firms to attract and retain colleagues. We are only able to do so with progressive remuneration policies and during the prior year this included taking steps towards offering a variable remuneration component for eligible employees including senior management and our investment management colleagues.

This allows us to more ably retain and attract the specialist skills and experience we need to operate the in-house investment management model that we believe drives a significant reduction in our operating costs and better aligns our investment strategy with pension fund liability profiles. Such arrangements are uncommon in public sector pension funds and there may be member and public interest in the value they create. As a result of such expected interest and our commitment to transparency we have increased the level of disclosure in the remuneration section of this report.

Scottish LGPS (SLGPS) consultation

In the last year, under the direction of the Cabinet Secretary, the Scheme Advisory Board (SAB) undertook a consultation on the prospect of structural reform for the 11 individual funds that comprise the Scottish Local Government Pension



Scheme (SLGPS). Lothian Pension Fund, second largest to Strathclyde, responded in favour of structural reform, specifically the creation of conditions in which like-minded schemes could seek to merge. We await the outcome of the review but recognise there is potential for significant change in the way that assets are managed, and member benefits are administered for the more than 545,000 members of SLGPS.

Notwithstanding the prospect of structural change, we remain active, through our FCA-authorized legal entity, in enabling other funds to achieve their investment goals. This extends to our formal investment advisory partnerships with the pension funds for Falkirk and Fife, our club deal investment partnership with a further two funds, but also to our willingness to provide resource and capital to support operational, administration, commercial and technology related developments for the benefit of all of Lothian Pension Fund and the wider SLGPS.

Economic and investment market developments

With Brexit and developments in international trade markets, political and economic uncertainty have been themes for all defined benefit pension funds over the year. Lothian Pension Fund has for some time held a bias towards lower volatility strategies and during the year, undertook a detailed investment strategy review involving external advisers to best position the Fund for the uncertainty ahead.

DR STEPHEN S MOIR
Executive Director of Resources
The City of Edinburgh Council
26 June 2019

Overall returns for our investments are reported in the Investments section of this report.

Interaction with regulators

We were pleased to be selected to be a member of the LGPS cohort review carried out by The Pensions Regulator (TPR) in the prior year. This interaction, made possible by TPR assuming responsibility for LGPS regulation in 2013, extended to a series of thematic reviews across a range of governance and administration aspects of our operations.

TPR expect to report on their findings from the cohort at aggregate level and we look forward to working with TPR as they develop policies and principles in support of better outcomes for LGPS stakeholders.

Future developments

The prospect of structural reform within SLGPS remains the most significant possible development to affect Lothian Pension Fund and we stand ready to work with the Scottish Advisory Board and policy-makers to ensure any change results in material benefit for the primary stakeholders of the LGPS, the members and their sponsoring employers. Aside from reform, the year ahead will see the team undertake significant member-first projects as we look to improve our technology and invest in the capability of our people, delivering more for members as a result.

DOUG HERON
Chief Executive Officer
Lothian Pension Fund
26 June 2019



Governance and Risk

The City of Edinburgh Council is the administering authority for the Scottish Local Government Pension Scheme (LGPS) in the Lothian area. The Council administers the benefits and invests the assets of two LGPS funds, Lothian Pension Fund and Scottish Homes Pension Fund. In this report we refer to these as the Fund.

Lothian Pension Fund is the second largest LGPS fund in Scotland with assets of £7.8 billion, 83 employers with active members and over 84,000 members. The Scottish Homes Pension Fund investments amount to £0.16 billion with 1,550 members.

Lothian Buses Pension Fund was merged with Lothian Pension Fund on 1 February 2019, changing the way in which the Fund is administered. At the time of merger, Lothian Buses Pension Fund had assets of £0.5bn and 3,700 members. Under the new arrangements, it retains a separate investment strategy.

The Fund maintains a comprehensive website for easy access to all relevant pension information and this is found at www.lpf.org.uk. This includes the Annual Report & Accounts of the Fund, Statement of Investment Principles, Funding Strategy Statement and Pensions Administration Strategy and Pensions Discretions Policy.

The Pensions Committee and Pensions Audit Sub-Committee

The day-to-day running of the Fund is delegated to a specialist team who undertake pension administration, accounting and investment

functions, managing the majority of the Fund's assets internally.

All pension matters are delegated to the Pensions Committee of the Council, supported by the Audit Sub Committee, and its members act as 'quasi trustees'. The Pensions Committee held four meetings and the Audit Sub Committee held three meetings during the year.

The table shows the Committee members for the year 2018/19.

From 1 April 2018 to 31 March 2019
Pensions Committee
Councillor Alasdair Rankin (Convener)
Councillor Maureen Child
Councillor Neil Ross
Councillor Claire Miller
Councillor Cameron Rose
John Anzani (Member representative)
Richard Lamont (Employer representative, VisitScotland)
Pensions Audit Sub-Committee
Councillor Cameron Rose (Convener)
Councillor Maureen Child
John Anzani (Member representative, Midlothian Council)

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 Regulations.



The Board attends all Pensions Committee meetings and two representatives also attend the Pensions Audit Sub-Committee meetings.

The membership comprises of ten members, five representatives appointed from the employer bodies and five representatives appointed by trade unions for the membership of the Fund. The Pension Board membership for 2018/19 is shown in the table. There were two vacancies as of 31 March 2019.

Member representatives	
Jim Anderson	Unison (Chair)
Thomas Carr Pollock	GMB
Brian Robertson	Unite
Thomas Howorth	Unison (appointed 24/9/18)
Diane Hogarth	Unite (resigned 18/6/18)
Tony Pearson	Unite (appointed 24/9/18) (resigned 25/3/19)
Employer representatives	
Sharon Cowle	Scottish Legal Complaints Commission (appointed 24/9/18)
Darren May	Scottish Water
Sharon Dalli	Police Scotland
Alan Williamson	Edinburgh College
Paul Ritchie	East Lothian Council (resigned 11/10/18)
Eric Adair	EDI Group (resigned 25/4/18)

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 Fund's 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 provided internally covered topics including governance, guaranteed minimum pensions, responsible investment and investment strategy.

Committee and Board representatives also attended external conferences including the Pensions and Lifetime Savings Association Local Authority Investment Conference 2018 and the 2018 Local Authority Pension Fund Forum Annual conference.

All members of the Pension Committee and all Pension Board members achieved the required training hours during 2018/19. Pensions Committee members collectively attended 313 hours of training over the year and members of the Pension Board undertook 324 training hours.

Joint Investment Strategy Panel

Investment strategy guidance to the Committee is provided by a Joint Investment Strategy Panel (JISP), working in collaboration with the Falkirk Council and Fife Council pension funds. The JISP meets quarterly and includes senior officers and external investment advisers (currently Scott Jamieson and Gordon Bagot).

The Pensions Committee of each pension fund agrees their own investment strategy but delegates the implementation of strategy, including selection of investment managers, to officers.

The JISP advises the three pension fund administering authorities on implementation of their respective investment strategies.



The assets of Lothian Pension Fund, Falkirk Council Pension Fund and Fife Council Pension Fund remain separate.

Lothian Pension Fund employees

The team is employed by an arms-length company, LPFE Limited (LPFE), which is wholly owned by the Council (in its capacity as administering authority for the Fund) and it is supervised by a board of directors chaired by the Council's Executive Director of Resources and includes the Convener of the Pensions Committee. The team is required to carry out certain activities for the Fund through its Financial Conduct Authority authorised vehicle, LPFI Limited (LPFI).

LPFI is also wholly owned by the Council (in its capacity as administering authority for the Fund). LPFI is supervised by a board of directors chaired by the Council's Head of Finance. Both the boards of LPFI and LPFE comprise an independent non-executive director (Leslie Robb). All the operations, costs and liabilities in relation to the Fund, including those of LPFE and LPFI, are borne by the Fund.

The day-to-day running of the Fund is carried out by a specialist investment and pensions team. The Fund's functions include investment, pension administration, employer liaison, data quality, customer support, accounting, legal, risk and compliance, communications, and general business support.

The investment responsibilities include carrying out in-house investment management and the monitoring and selection of external investment

managers, as well as external facing collaborative initiatives with other like-minded pension funds.

Over the year, senior officers directly involved in the governance of the Fund from the City of Edinburgh Council were:

Dr Stephen S Moir, Executive Director of Resources,
Hugh Dunn, Head of Finance
Katy Miller, Head of Human Resources

And senior officers from Lothian Pension Fund were:

Doug Heron, Chief Executive Officer from February 2019
Bruce Miller, Chief Investment Officer
Struan Fairbairn, Chief Risk Officer, (Legal, Risk and Compliance)
John Burns, Chief Finance Officer
Clare Scott, Chief Executive Officer to December 2018

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 with a Joint Secretary to support each group. During the year, Councillor Rankin was a member and Chair of the Scheme Advisory Board and Fund officers have also advised the Board and Joint Secretaries. There is more information on the Scheme Advisory Board at www.lgpsab.scot.

Risk

An extensive risk register is maintained covering a wide range of issues across investments and benefit operations. The register is subject to internal review each quarter and a summary is reported to the Pensions Committee and Pensions Audit Sub-Committee. On an annual basis the Pensions Audit Sub-Committee reviews the register in full.

Risk Management

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

As at 31 March 2019, the most significant risks (after taking account of risk reduction controls), as assessed using a score out of 100 by the Funds' management team, are shown in the table opposite.

Risk Assurance

The Fund operate a bespoke assurance framework designed to ensure they meets their objectives, are adequately resourced, managed to high professional standards, meet legislative requirements and have high customer satisfaction.

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	8	8	64
Human Resource within the team not sufficient to carry out core task in conjunction with active or anticipated projects.	6	6	36



Investment

Investment markets

For the 12 months to 31 March 2019, UK equities (FTSE All Share) returned +6.4%, and global equities (MSCI ACWI, in GBP) returned +10.5%. Global equity returns for sterling-based investors were boosted by the weakness of the pound over the year (global equities returned +5.6% in local currency terms), as investors grappled with the wide range of potential Brexit outcomes. Equities fell sharply in Q4 2018, with markets falling as much as 14% from end September 2018 to their lows in late December, before rallying strongly through the first quarter of 2019.

UK and US government bond yields rose modestly through to September 2018, with the US 10-year bond yield breaching the 3% level for the first time since 2011. However, yields then fell through Q4 2018 as equity markets sold off. Towards the end of December, the US Federal Reserve signalled that the prospect of future rate rises was much less certain than many participants had expected. Bond yields then moved lower through Q1 2019, with US and UK 10-year bond yields ending the year to 31 March 2019 circa 30 basis points (0.3%) lower than they had been 12 months prior. In Europe, the 10-year Bund yield ended the year circa 50 basis points (0.5%) lower as investors sought the safety of German government bonds as economic data showed the internationally sensitive Eurozone slowing. In contrast, Italian bond yields were higher over the year amid heightened concerns over government finances and the domestic political situation.

The table below shows index returns over 12 months to 31 March 2019 for a range of asset classes.



Index: Bloomberg, MSCI UK Property

The OECD’s latest economic outlook (March 2019) includes further downgrades to 2019 GDP projections for the world’s major economies; this follows a previous set of downgrades in its November 2018 update. Dispersion between regions is highlighted, particularly between the US and Eurozone area, alongside the ongoing risk from a potential China growth shock. For the UK, the OECD estimate the economic loss since the 2016 Brexit referendum at between 0.7% and 1.7% of GDP, with continued uncertainty expected to impact negatively until the situation is resolved. Given this backdrop, it is not a surprise that the OECD also expect that “interest rates are set to stay lower for longer”.

The prospect of looser monetary policy has supported support risk assets in the short term and although the outlook for global growth is softer than it was, it remains positive overall. However, economic forecasts have been tilting further in a downward direction. That said, markets are inherently uncertain and a focus on long-term investment strategy remains a prudent approach for long-term investors.



Investment strategies

The investment strategies for the Fund reflects the long-term plans to maintain an acceptable balance between contribution stability and the achievement of positive long-term real returns from the assets owned.

During 2018/19, a review of the investment strategies was undertaken, taking into account the results of the 2017 actuarial valuation. The investment strategy is set at the broad asset class level of Equities, Gilts, Non-Gilt Debt, Real Assets and Cash, which are the key determinants of investment risk and return. Despite an expansion in the number of these 'policy groups' from 3 to 5, the strategic allocation for the whole Fund is broadly similar to the previous allocation, albeit expressed slightly differently.

Lothian Pension Fund

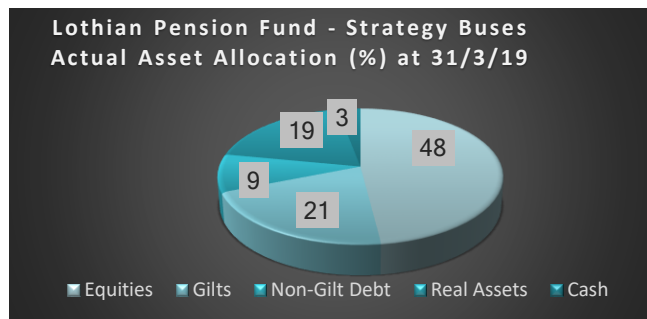
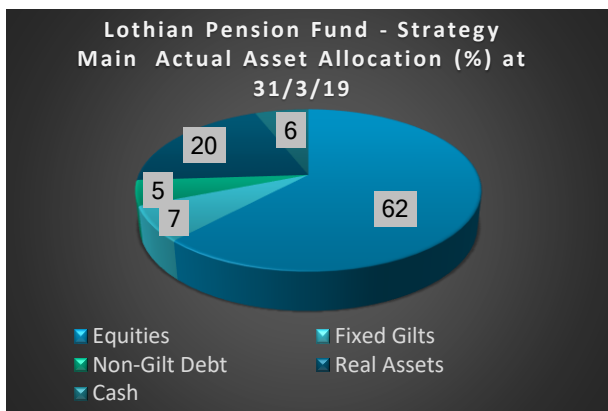
During the course of the year (1 February 2019), Lothian Buses Pension Fund merged into Lothian Pension Fund with a separate, fourth investment strategy specifically created for Lothian Buses within Lothian Pension Fund.

To provide suitable investment strategies for the differing employer requirements, the Fund currently operates four investment strategies. More than 90% of employer liabilities are funded under the Main Strategy, 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.

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

Just over 1% of liabilities are funded by 50/50 Strategy, which is a 50/50 split of the above two strategies. 50/50 Strategy is for employers who are closed to new members but who do not yet qualify for Mature Employers Strategy.

Lothian Buses now has its own strategy, Strategy Buses, within the Fund with the actual asset allocation shown in the chart below. The liabilities associated with the Lothian Buses strategy represent approximately 7% of Lothian Pension Fund liabilities.



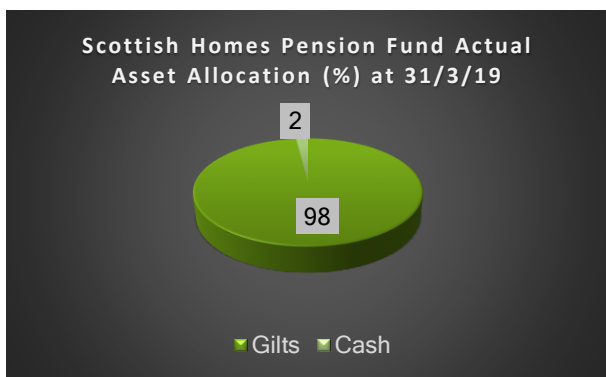


Scottish Homes Pension Fund

The Scottish Homes Pension Fund was invested in index-linked gilts and cash only on 31 March 2018, following the results of the 2017 actuarial valuation which showed that the Fund was 104%+ funded. The gilts were chosen to broadly match the expected liability payments as they fall due.

The analysis focused on the nature of the liabilities, including the proportion that are fixed and index-linked and the timing of expected pension payments. In addition, consideration of the availability of assets to match those payments was undertaken. This resulted in a restructuring of the Fund's bond holdings into both nominal and index-linked UK gilts in early 2019.

By cash flow matching the assets with future liability payments up to one year beyond the next actuarial valuation, which is expected in the March 2020, the Fund has minimised funding level risk.



Internal investment team

Strategies for the Fund 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 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 Lothian Pension Fund, performance has been ahead of benchmark over the last five years and this has been achieved with lower risk than the benchmark. The Fund's guiding principle is to use strong internal investment capabilities to their maximum potential and to retain external managers for specialist mandates.



Responsible Investment

The Pensions Committee publicly endorsed and adopted an approach to investing known as Responsible Investment (RI) over a decade ago - in 2008, the Fund became a signatory to the Principles for Responsible Investment (PRI), a United Nations-backed initiative.

This is the cornerstone of the Fund's investment approach, and over the years, the six principles have become increasingly embedded into its investment processes.

- **Principle 1:** We will incorporate ESG issues into investment analysis and decision-making processes.
- **Principle 2:** We will be active owners and incorporate ESG issues into our ownership policies and practices.
- **Principle 3:** We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- **Principle 4:** We will promote acceptance and implementation of the Principles within the investment industry.
- **Principle 5:** We will work together to enhance our effectiveness in implementing the Principles.
- **Principle 6:** We will each report on our activities and progress towards implementing the Principles.

PRI Annual Assessment










All PRI signatories agree to the PRI organisation undertaking a comprehensive annual assessment of their approach to RI. This independent appraisal is made publicly available on our website www.lpf.org.uk with a summary of Lothian's latest evaluation is shown below. It highlights that the Fund's processes and approach to Responsible Investment are rated at or above the median of asset owner signatories across all categories measured.

“Responsible investment is an approach to investing that aims to incorporate environmental, social and governance (ESG) factors into investment decisions, to better manage risk and generate sustainable, long-term returns.”
PRI



PRI rates Lothian’s approach to RI highly

Summary Scorecard

AUM	Module Name	Your Score	
	01. Strategy & Governance	A	
Indirect - Manager Sel., App. & Mon			
<10%	02. Listed Equity	A	
<10%	05. Fixed Income - Corporate Non-Financial	A	
<10%	07. Private Equity	A	
<10%	08. Property	A	
10-50%	09. Infrastructure	A	
Direct & Active Ownership Modules			
>50%	10. Listed Equity - Incorporation	B	
>50%	11. Listed Equity - Active Ownership	A	

Ethics and Lobbyist Activity

As a public sector asset owner, which strives for high standards of transparency within the constraints of commercial sensitivities, Lothian Pension Fund is subject to considerable scrutiny of its investments. Lobby groups often present ethical arguments for divestment of specific investments. They create adverse publicity to further their campaigns, sometimes being highly selective in their use of facts to raise awareness and to create impact, often with an incomplete understanding of the investments that they oppose.

Campaigners often imply or state that ‘Responsible Investment’ is synonymous with ‘Ethical Investing’.

Lothian Pension Fund is not an ‘ethical investor’, and nor is it an ‘unethical investor’. Rather, it is guided at all times by the legal principle of fiduciary duty and its Principles for Responsible Investment. It recognises that certain investments have the potential to be more contentious than others, but it does not operate a narrow or restrictive policy of excluding investments from its universe of potential investments. What it does do is assess the likely impact of controversial business activities and practices on investment returns by incorporating Environmental, Social and Governance (ESG) considerations into its decision-making processes.

In a world with often complex social, legal or moral issues, it would be impossible to invest efficiently in a manner that meets the expectations of each activist or campaigner. In the past year, special interest groups have demanded divestment of holdings in tobacco producers, defence companies, energy producers and banks.



In contrast to the baseline views of many typical activist representations the Fund does not finance these companies – the Fund is simply a shareholder – and it does not take sides in the moral debate on these investments, but it does recognise that many of the issues raised have the potential to affect financial risk. The information provided by campaigners or other interested groups will always be given due consideration as part of the risk management process and in line with its fiduciary duty to its members and employers. The Fund has its own social purpose, which is to ensure that there are sufficient funds to pay pensions to members as they fall due.

Stewardship Code

Another foundation on which the Fund’s Responsible Investment approach is built is the UK Stewardship Code. The premise on which the Code was established is that effective stewardship benefits companies, investors and the economy as a whole. As a large institutional asset owner with voting rights in UK listed companies, Lothian Pension Fund is expected to adhere to the Code on a ‘comply or explain’ basis. The Fund complies. Its close adherence to the Code means that it is classified as a Tier 1 signatory. “To protect and enhance the value that accrues to the ultimate beneficiary, Institutional investors should follow these principles:

- publicly disclose their policy on how they will discharge their stewardship responsibilities.
- have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed.
- monitor their investee companies.
- establish clear guidelines on when and how they will escalate their activities as a method of protecting and enhancing shareholder value.
- be willing to act collectively with other investors where appropriate.
- have a clear policy on voting and disclosure of voting activity.
- report periodically on their stewardship and voting activities.

More information on the Code can be found on the FRC website at www.frc.org.uk.

Voting

As the UK Stewardship Code makes clear, responsible institutional shareholders must exercise their shareholder rights to vote at company annual general meetings (AGMs) and extraordinary general meetings (EGMs). Voting can send a strong message to company management about how it is conducting business.

Lothian Pension Fund votes on the resolutions of 100% of the companies in which it is invested. Two of its external providers are charged with voting on the Fund’s behalf based on pre-agreed policies. Baillie Gifford, who manage assets for Lothian, and Hermes EOS, the Fund’s voting and engagement partner, do this. Their quarterly voting activity is available on Lothian’s website www.lpf.org.uk/invest.

AGMs present asset owners with other way to influence management on important issues. Shareholders can file resolutions which allow all other shareholders to vote on matters that are not raised by management.



During 2018/19, Lothian co-filed a resolution for BP’s AGM in May 2019 calling for greater transparency and disclosure on the company’s approach to carbon emission and low-carbon transition planning. The resolution was backed by BP management and supported by 99.14% of investors. BP has since committed to provide investors with a new strategy consistent with the goals of the Paris Agreement, as well as providing further disclosure on capital expenditure and various company metrics and targets, including annual progress reports

Engagement

There is more to Stewardship and Responsible Investment than voting and filing resolutions. Monitoring and engaging with companies on matters of strategic importance is regarded as a key responsibility of institutional investors, which can improve corporate governance standards and protect shareholder value.

The Fund commits significant resources to engagement activity. Most is undertaken by the Fund’s voting and engagement service provider and partner, Hermes EOS. What Hermes EOS brings to the Fund is a focus on and expertise in engagement activities as well as scale provided by its other like-minded clients. These allow Lothian to use its position as a shareholder more effectively as Hermes EOS engages on behalf of a wide shareholder base and is, therefore, more likely to influence management to enact positive change in investee companies.

Hermes EOS consults with its clients to develop an engagement plan so that it can prioritise engagement activity. The latest plan (available on the Fund’s website) highlights 12 main themes for engagement over the three-year period 2019-21.



In this schematic, these themes surround the core subjects of engagement activity – environment, social issues, governance and strategy, risk and communication.

Each theme is described in detail in the engagement plan, including background information on the importance of each theme, the main outcome objectives, the methodology for tackling each engagement theme and Hermes EOS’s description of best practice in each area.

Lothian stands behind Hermes EOS in achieving progress in each of these areas, and the internal team offers support and ideas where appropriate to Hermes EOS in carrying out this vital work.



Collaboration

Engagement activity is highly suitable for collaborative efforts. It is a complex area that benefits from scale. When Hermes EOS engages with companies, it can speak for asset owners with shareholdings worth up to £390bn. Lothian participates in other collaborative initiatives, which helps it fulfil its commitment to be an active and responsible asset owner:

- **LAPFF**, the Local Authority Pension Fund Forum, is a collaborative shareholder engagement group, comprising 80 UK local authority pension funds and 6 of the LGPS pension fund pools in England & Wales. The Convener of Lothian Pension Fund's Pensions Committee, Councillor Rankin, is on the executive board of LAPFF and has represented LAPFF and its member funds in high level engagement with company management.
- **The Cross-Pool RI Working Group** was one of several working groups formed when the England and Wales pools were being set up to take a leadership role in the process. The RI working group was formed to pioneer best practice in RI and share that across the pools. While Scottish funds are not involved in pooling, Lothian was invited to contribute to the group. Participation in the group has been an invaluable source of knowledge and expertise that allowed Lothian to take a leading position amongst UK asset owners in implementation of RI policy.
- **Diversity Project Scotland**. The Diversity Project is "a cross-company initiative championing a more inclusive culture within the Savings and Investment profession." Lothian Pension Fund has long championed diversity in its investee companies and has committed to diversity in its own ranks. Both investment and human resources staff are participating in this initiative.
- **Climate Action 100+** is a collaborative investor initiative supported by PRI and Hermes EOS. Lothian Pension Fund has recently become a participant member. Signatories to Climate Action 100+ are requesting the boards and senior management of companies to:
 - Implement a strong governance framework which clearly articulates the board's accountability and oversight of climate change risks and opportunities;
 - Take action to reduce greenhouse gas emissions across the value chain, consistent with the Paris Agreement's goal of limiting global average temperature increase to well below 2 degrees Celsius above pre-industrial level;
 - Provide enhanced corporate disclosure in line with the final recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to enable investors to assess the robustness of companies' business plans against a range of climate scenarios, including well below 2-degrees Celsius, and improve investment decision-making.





As a participant member, Lothian will be directly involved in company engagement with Climate Action 100+, not just through its service provider, Hermes EOS, but directly through the internal team. It is a clear signal that Lothian Pension Fund is focused on the long-term impact of climate change and regulatory pressure on existing business models from expert industry knowledge and from working with experienced engagers in this field.

The internal investment management team already regularly engages with company managements in the normal course of doing due diligence on companies as shareholders or potential shareholders. These meetings, or engagements, are an opportunity to discuss the key factors affecting company performance and strategy, and, of course, these include any significant ESG issues pertinent to that company. Further information on Climate action 100 is available at www.climateaction100.org.

Climate Change

Climate change has become the global issue of our time. As of February 2019, 184 states and the EU (representing 88% of global greenhouse gas emissions) had ratified or acceded to the Paris Agreement of the United Nations Framework Convention on Climate Change. Under this agreement, each country must determine, plan and regularly report on the contribution it undertakes to mitigate global warming. The three key aims of the agreement are:

- Holding the increase in the global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels, recognising that this would significantly reduce the risks and impacts of climate change;
- Increasing the ability to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse gas emissions development, in a manner that does not threaten food production;
- Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.

Separate to this, but part of the overall worldwide change in culture with regards to greenhouse gas emissions, the Financial Stability Board (FSB) of the Bank of England launched the Taskforce on Climate-Related Financial Disclosures (TCFD). TCFD aims to “develop voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders.” Further information is available at www.fsb-tcfd.org.

As asset owners, Lothian has been engaging with the companies in its portfolios to enhance disclosures on emissions in line with the recommendations of TCFD, as well as working alongside peer organisations to promote the aims of the TCFD and reporting the Fund’s approach to climate change-related risks and opportunities in its PRI reporting.



As part of the TCFD resources, investors and asset owners also have guidance on how to report their approach to climate-related risks and opportunities. These recommendations are split into four key areas of reporting.



Governance relates to the organisation's governance and climate-related risks and opportunities.

Strategy relates to the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.

Risk management relates to the processes used by the organisation to identify, assess and manage climate-related risks.

Metrics and Targets relates to metrics and targets used to assess and manage relevant climate-related risks and opportunities.

The TCFD is in its relative infancy and Lothian Pension Fund is challenging companies to improve their disclosure and rapidly integrating the specifics of climate change into the risk management and governance of the Fund. Over the few years, it has undertaken substantial work on the issue.

Climate Change - Governance

In accordance with Scheme Regulations, the Pensions Committee and Pension Board are required to undertake a minimum of 21 hours training. Each year, the Fund's provider of voting and engagement services is invited to present to and interact with the Committee and Board. During 2018/19, they received specific training on climate change-related risks and opportunities. This was followed up with the first climate-specific reporting for the Committee, a carbon footprint of the Fund's equity holdings in June 2018. The simplicity of output of a single carbon footprint number belied the complexity of the subject matter, and the following recommendations were agreed:

- Reaffirm the Fund's commitment to integrate environmental, social and governance (ESG) considerations, such as carbon efficiency trends, into its decision-making
- Note that the Fund scrutinises and engages with investment managers to ensure that they are taking ESG issues, including climate change and carbon risk, into account in their investment decision-making
- Reaffirm the Fund's policy of not divesting solely on the grounds of non-financial factors
- Note that the Fund will monitor research on the link between ESG factors (including carbon-related factors) and financial performance to inform future investment strategy, such as stock selection criteria for quantitative strategies; and



- Agree that the Fund should aim to influence engagement activity based on its shareholdings of companies that perform poorly on carbon efficiency measurements.

The carbon footprint report will be updated on an annual basis as part of an annual review of climate-related risks and opportunities.

More broadly, the Committee and Board considers a paper on the Fund's approach to Stewardship on an annual basis. This also covers climate related issues. During 2018/19, the Pension Fund organised an event on responsible investing, to which major stakeholders and elected officials of local authority employers were invited to review the Fund's approach, with the opportunity for discussion with the investment managers, legal professionals, representatives from PRI and Hermes EOS and Committee and Board members. For those unable to attend the event and for those that require to understand the Fund's approach because they receive attention from lobbyists on a range of issues, a recording of the event has been made available on the Fund's website.

Climate-related risks and opportunities are an integral part of the overall investment process for Lothian Pension Fund, and so the Pensions Committee delegates investment decision-making to officers and investment managers with advice from the Joint Investment Strategy Panel. Climate-related risk management is reviewed as part of the regular monitoring process, which includes analysis of ESG integration in the investment mandates. For Real Estate and Infrastructure managers, the Fund has recently incorporated GRESB data into the monitoring process to better assess climate-related risk within the Fund.

Climate Change - Strategy

The Fund recognises the contribution that some specific sectors and industrial activities have towards climate change. While many prefer to label companies in carbon-intensive industries 'bad' and those in low-carbon and alternative energy businesses as 'good', in reality investment is more nuanced than this. The Fund has a policy of engagement rather than blanket divestment, which allows us to exert influence on companies to improve their business practices, align with the Paris goals, and disclose internal climate-related risk and opportunity management with TCFD compliant reporting. Recent academic research commissioned by Lothian Pension Fund* suggests that divestment at best is ineffective, and at worst provides a clear disincentive for management to change.

The Fund's approach to engagement relies heavily on our engagement and voting partner, Hermes EOS. Hermes EOS engages with companies on a range of engagement issues including climate change. The internal management team also engages with company management on a regular basis as part of company roadshows and investment conferences.

*University of Edinburgh Master's in Economics Dissertation, "In response to the recent Paris Agreement, how might pension funds contribute to helping reduce global climate change through investment policy?", Cooper, 2019



In addition, the Fund has joined the Climate Action 100+ investor initiative and is actively participating in engagement with one of the 167 target companies in the list of systemically important carbon emitters produced by the initiative.

Regular training and development for all staff on climate related issues is provided. This includes governance functions, management, investment decisions makers, and pensions administration staff. This creates an internal culture that is serious about the risks to capital posed by the carbon transition.

The holdings of the Fund can be broadly classified under three approaches: fundamentally managed equity, quantitatively managed equity, passively managed government debt and externally managed funds (covering all asset classes). As part of the stock selection process for the fundamentally managed portfolios, any fundamentally material climate-related risks and opportunities (such as carbon pricing and the low carbon transition) are individually assessed by the managers and monitored in the portfolio holdings. Both the fundamental and quantitatively managed equity funds utilise engagement with managers to improve practices. The selection and monitoring process for external managers incorporates ESG elements, and this is continuing to be refined.

The internal managers continue to monitor opportunities in the green energy and future technology space, both in the public and private markets. Much of the public spending on green energy is being done by the incumbent energy providers (the diversification of carbon-extractive companies and carbon burning utilities).

Climate Change - Risk Management

The Fund produces annual carbon footprints for listed equities. Individual companies within this exercise can have their weighted average carbon intensity measured, allowing a look through into the concentration of carbon emission risk associated with each company. This has been useful in helping to guide engagement efforts and highlighting companies that could pose a capital risk in the event of an acceleration in the low carbon transition. To date, no divestment due to outsized climate-related risks have been made. Specific research budget has been allocated to data services associated with ESG and climate-related risks and opportunities.

Climate Change - Monitoring and Metrics

The Joint Investment Strategy Panel, Committee and Board all receive regular papers on general ESG (including climate related) issues and on specific climate-related risks and opportunities. The internal management team has a suite of tools available to them. Within equities, the team utilises MSCI ESG tools, including Carbon Metrics. This allows the managers in depth assessment of ESG risks and individual carbon emissions data for all the underlying companies enabling the Fund to produce annual carbon footprints for the equity portion of the Fund.



Recent additions of data from the Transition Pathway Initiative and Carbon Action 100+ are being incorporated into the equity management process.

Recent access to GRESB data in the infrastructure and real estate asset classes is being assessed and will be incorporated into reporting in these areas over time. Support for the Carbon Disclosure Project also allows access to useful research that is considered during due diligence on investments.

Manager Selection and Monitoring

While most of Lothian Pension Fund assets are equities and bonds that are managed internally, a proportion of investments are managed by third party managers. These external managers transact in public and private markets, investing in the equity and debt of infrastructure-related, corporate and property assets. One of the core elements of due diligence in the appointment process of managers centres on their approach to ESG issues. After appointment, Lothian continues to monitor the managers quarterly and as part of this quarterly reporting and monitoring cycle, managers are obliged to provide information on ESG related issues arising and how the managers are reacting to them.

Impact

An emerging theme in global responsible investment is Impact Investing – the provision of capital to address social and/or environmental issues. Investments are made in projects that aim to generate both a positive financial return and a non-financial return – the latter is often referred to as an environmental dividend or a social dividend.

These non-financial positive impacts can be linked to the aims of the United Nation’s Sustainable Development Goals (SDGs), which can be viewed at <https://sustainabledevelopment.un.org> and are a collection of 17 global policy areas identified to provide the greatest transformational potential to society. While these SDGs were written for policymakers, some investment professionals have begun to adopt them to target specific non-financial outcomes from their investment activities.



Lothian Pension Fund is regularly presented with these types of investment, and while not targeting Social and Environmental Impact alone, it will invest in them where they are expected to deliver an appropriate risk-adjusted return. The Fund makes investments in Private Equity, Private Debt, Infrastructure and Real Estate, which involve the deployment of capital into new projects, which are expected to have a positive impact, such as wind farms and other clean energy and modern, sustainable, energy efficient buildings. In this way, the Fund’s capital creates jobs, cutting edge new environments, and the clean energy that society will need in a low-carbon future – and all while providing sustainable risk-adjusted returns for the Fund.



Infrastructure Investment

Infrastructure investments have the potential to generate attractive risk-adjusted returns, with cash flows often linked to inflation. The long-term and defensive nature of these assets also can provide an element of diversification to the Fund's investment strategy.

Over the last decade, the Fund has developed its reputation, networking and execution capabilities to secure access to investment opportunities within this market niche. The Fund's experienced team appraises, 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 closely with investment managers to ensure execution certainty and to diligence the commercial and legal terms. Collectively, Lothian and its collaboration partners committed over £200 million in 2018/19 in infrastructure investment.

Lothian Pension Fund has a long-standing commitment to responsible investment. In addition to becoming a signatory of the UNPRI (United Nations Principles of Responsible Investment) in 2008, the Fund has subscribed to GRESB (Global Real Estate Sustainability Benchmark) to further enhance our analysis of environmental, social and governance issues.

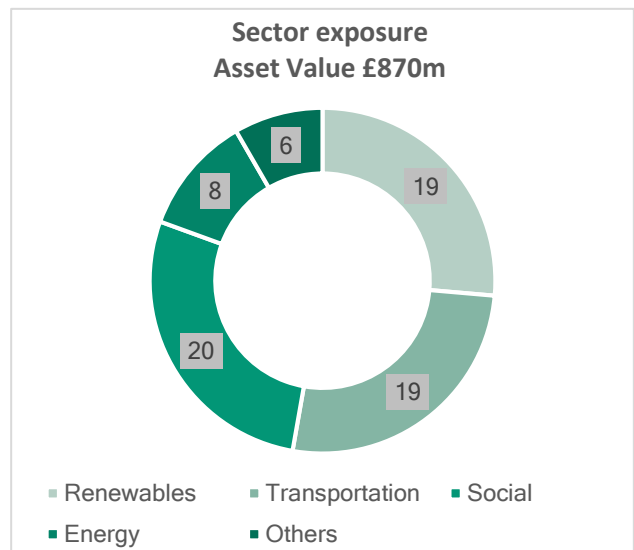
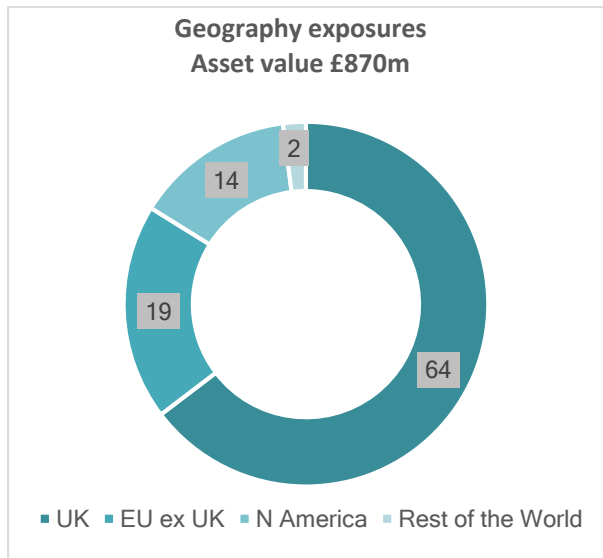
Infrastructure investments represented 11.1% of the value of Lothian Pension Fund assets at 31 March 2019, comprising one of the largest and most diversified allocations among UK LGPS funds. Of the total infrastructure investment of £870 million (31 March 2018: £795 million) invested in infrastructure, the majority is invested in the UK.

During 2018/19, Lothian Pension Fund completed two primary fund investments, acquired seven secondary fund interests and invested in three co-investments. Approximately £135 million has been invested over the year in UK, European and Global infrastructure assets. During the same period, £173 million has been distributed to the Fund. There were two successful realizations during the period generating proceeds of £48 million and recording a blended net internal rate of return of 22.3% and a total value to paid-in multiple of 1.8x. Distributions from secondary fund investments contributed £91 million.

Secondary fund investments completed following the global financial crisis in 2007-2008 boosted returns. The Fund invested £402 million in ownership interests of 23 funds from 2010 to 2019. It has received £309 million of distributions from those investments and the remaining invested value at 31 March 2019 was £329 million. This generated a total value to paid-in multiple of 1.6x and an internal rate of return of 17% to date.



The geographic and sector exposures for Lothian Pension Fund infrastructure allocations (at 31 March 2019) are shown in the charts below.



Infrastructure investments in the UK contributed 64% (or £559 million) of the total. The Funds' 20 largest UK investments, representing £400 million of value, are shown in the map below.

Investments are made across a diverse range of projects, in the areas of:

- social infrastructure (including hospitals, schools and roads);
- regulated utilities (including water and electricity);
- energy & renewables (including solar and wind);
- transportation (including ports and rail); and
- others (including car parks and smart meters).

The Fund recognises the role infrastructure investment can make to addressing part of the current environmental challenges related to climate change. Approximately, 20% of the infrastructure portfolio is invested in renewable energy. During the year, the Fund allocated £47 million to co-investments in UK renewable energy projects – a diversified portfolio of wind farms and in an energy from waste facility.





Funding Strategy Statement

The Funding Strategy Statement covers the funding strategies for Lothian Pension Fund and Scottish Homes Pension Fund and can be viewed on our website at www.lpf.org.uk/publications.

The purpose of the Funding Strategy Statement is:

- to establish a clear and transparent fund-specific strategy which will identify how employers' pension liabilities are best met going forward;
- to support the regulatory framework to maintain as nearly constant employer contribution rates as possible; and
- to take a prudent longer-term view of funding those liabilities.

These objectives are desirable individually but may be mutually conflicting.

The Funding Strategy Statement also ensures that the regulatory requirements to set contributions to ensure the solvency and long-term cost efficiency of the Funds (as defined by the Public Service Pensions Act 2013) are met.

Key policies, including the Fund's Admission Policy and Policy on Employers Leaving the Fund are appended to the Funding Strategy Statement. The policy on Employers Leaving the Fund sets out the Fund's approach to dealing with employer exits, including principles for determining payment of cessation debt.

The Funding Strategy Statement was revised at the 2017 Actuarial Valuation and reflects CIPFA

guidance "Preparing and maintaining a funding strategy statement in the Local Government Pension Scheme 2016". In addition to updates required as a result of changes to the Scheme Regulations and other pensions legislation, these included:

- the introduction of a new medium risk investment strategy intended to smooth the path to exit and reduce the deficit risk when an employer leaves the fund
- the requirement for employers to provide written confirmation that minimum contribution rates set by the Actuary are not unaffordable.

As required by Scheme Regulations, the Fund consulted with employers as part of the review process. Further amendments have been made to incorporate changes to Scheme Regulations in 2018 and an update to the Fund's bulk transfer policy. A consultation on these amendments is in progress.

The Fund must be able to meet all benefit payments as and when they fall due. These payments will be met by contributions (resulting from the funding strategy), or asset returns (derived from the investment strategy). A formal review of the Fund's investment strategies is undertaken at least every three years to ensure appropriate alignment with liabilities. Further information on the investment strategies can be found in the Fund's Statement of Investment Principles also available at www.lpf.org.uk.



Financial Performance

Administration expenses

A summary of the Fund's administrative expenditure for 2018/19, against the budget approved by Pensions Committee, is shown in the table below. This budget includes adjustment agreed by Pensions Committee during the financial year.

The budget focuses on controllable expenditures and therefore excludes all benefit payments and transfers of pensions from the Fund. Similarly, income does not include contributions receivable and pension transfers to the Fund. The total net cost outturn of £28,703k against budgeted of £29,410k represented an underspending of £707k (2.4%) for the Fund. The key budget variances serving to generate this underspending were:

- Investment management fees - £1,169k overspending. This budget also includes investment management fees deducted from capital but excludes the performance related element of these charges due to their unpredictable nature. Broadly speaking both invoiced and uninvoiced investment management fees were within expectations. The overspending related entirely to investment property operational costs, arising from a tenant company entering administration, and the resultant debt being written-off and recognised in the Fund Account.
- Supplies and Services - £605k underspending. Implementation delay of the investment front office software system was the major factor.
- Employees - £602k underspending. This reflected general recruitment delays in the filling of vacant posts and revised accounting advice in respect of the treatment of the vested elements of variable pay.

	Approved budget	Actual outturn	Variance
	£000	£000	£000
Employees	4,379	3,777	(602)
Transport & Premises	250	224	(26)
Supplies and Services	1,934	1,329	(605)
Investment Managers Fees*	22,300	23,469	1,169
Other Third-Party Payments	1,439	1,120	(319)
Capital funding - Depreciation	132	62	(70)
Direct Expenditure	30,720	29,981	(453)
	Approved budget	Actual outturn	Variance
Support Costs	286	250	(36)
Income	(1,310)	(1,528)	(218)
Total net controllable cost to the Fund	29,410	28,703	(707)

*Does not include performance element. In 2018/19, £8.5m was paid in fees in relation to the Fund's private market investments.



Reconciliation to total costs

	Actual outturn
	£000
Actual outturn on budgeted items above	28,703
Add: Securities lending revenue included in income above	943
Investment management fees deducted from capital – performance related element	8,531
IAS19 LPFE retirement benefits	594
LPFE deferred tax on retirement benefits	(101)
Corporation tax	29
Total cost to the Fund (inclusive of full cost investment management fees)	38,699
Per Fund Accounts	
Lothian Pension Fund Group	38,634
Scottish Homes Pension Fund	65
Total	38,699

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.

Lothian Pension Fund continued to experience a net reduction in value from its dealings with members. That said, the Fund has seen a £6.8million improvement in this position during the year with outlays exceeding receipts by £13.0million, compared to higher net withdrawals of £19.8million in the previous financial year. This reflects both the first year of higher employer contributions, as determined by the actuarial valuation 2017 results, and the upward trend in the number of active members.

Scottish Homes Pension Fund is a mature fund with no active members. As a result, pension outlays are met from investment income, supplemented by asset sales. Net pension outlays were £7.3million representing a £0.4million change in position from 31 March 2018 (net withdrawals of £6.9million).



It is anticipated that for the next few years these cash flow trends will remain broadly consistent.

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

2017 Actuarial Valuations

The most recent triennial assessment of the funding position of the pension funds was undertaken by the Fund's Actuary as at 31 March 2017. In general, the results showed that despite better than expected asset returns since the 2014 actuarial valuation, employer costs increased due to a reduction in future expected investment returns. The Funding Strategy Statement was reviewed and amended following consultation with employers.

For Lothian Pension Fund, the funding level increased from 91% at 31 March 2014 to 98% at this valuation. The deficit decreased from £417million at 31 March 2014 to £145million at 31 March 2017. Reflecting the differences in the employers in the Fund, a third investment strategy was introduced for employers which are closed to new entrants but not close to exiting the Fund. The Fund also introduced a requirement for employers to provide written confirmation that minimum contribution rates set by the Actuary are affordable. It is not in the best interests of the individual employers or the Fund for employers to continue to accrue unaffordable pension liabilities. Three employers indicated that the minimum contribution rates were unaffordable and the Fund worked with them to manage their exit from the Fund. The Fund continues to work with employers to put in place funding agreement to address repayment of debt when an employer leaves, in order to avoid employer default or insolvency.

The funding level for Scottish Homes Pension Fund at 31 March 2017 was 104.7%, increased from 88.8% from the 2014 actuarial valuation. Consultation was undertaken with the Scottish Government on the potential benefits offered by revising the Funding Agreement for this Fund. However, it advised that it does not wish to revisit this and as a result the investments of the Fund are now fully invested in index-linked government bonds and cash.

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. Guidance is still awaited from CIPFA as to how these costs should be standardised and reported in the Annual Reports of LGPS Funds.



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, the second and third layer of fees would not be disclosed with just the fees from the “fund of funds” manager stated.

In the preparation of the Fund’s Annual Report for 2014/15 and 2015/16, the Fund made efforts to be completely transparent on the totality of costs incurred for managing its investment assets. The Fund’s 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”.

In May 2018, CIPFA published “Proposals for LGPS Fund Reporting in a ‘Pooled World’”. “This sets out proposals for revised reporting for LGPS pension funds to meet a number of objectives”, including “to further enhance reporting of costs reflecting the introduction of the LGPS SAB Code of Transparency for asset managers, and initiatives underway by the Financial Conduct Authority (FCA) and Department for Work and Pensions (DWP) which aim to create more transparent and granular reporting standards for both providers and trustees This paper has been issued by CIPFA as good practice which is to be incorporated into 2018/19 Annual Report guidance for local government pension funds.”

Most recently, in March 2019, CIPFA published “preparing the annual report - Guidance for Local Government Pension Scheme Funds (LGPS) 2019 Edition”. The purpose of this guidance is to assist local government pension funds with the preparation and publication of the annual report required by Regulation 55 of The Local Government Pension Scheme (Scotland) Regulations 2018.

The Pensions and Lifetime Saving Association (PLSA) confirmed the launch of new templates in May 2019 in relation to its Cost Transparency Initiative. The aim of the initiative being to provide a standardised way for asset managers to report costs and charges to investors. Guidance is still awaited from CIPFA as to how these costs will be standardised and reported in the Annual Reports of LGPS Funds.



The financial statements of Lothian Pension Fund and Scottish Homes Pension Fund continue to include full transparency for both Funds' internal and external investment management fees.

	Investment management expenses in compliance with CIPFA guidance	Investment management expenses per 2017/18 financial statements	Disclosure in excess of CIPFA guidance
	£000	£000	£000
Lothian Pension Fund	31,041	36,103	5,062
Scottish Homes Pension Fund	84	84	0
TOTAL	31,125	36,187	5,062

Investment cost benchmarking

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 346 global pension funds representing £7.3 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 0.43% of Fund assets were significantly lower than CEM's benchmark cost of 0.55%, an equivalent annual saving of approximately £8.0m. 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.



Performance and Administration

Key Performance Indicators 2018/19

The Fund has a strong commitment to customer service which drives the continuous development of our services to ensure the best possible service for customers whilst recognising potential demands of the future. We set challenging performance targets and measure these through key indicators reported to our Pensions Committee and Pension Board and internal indicators reported to internal management.

The table shows our performance against these targets.

2018/2019	Target	Actual
Maintain Customer Service Excellence Standard (CSE) (Annual assessment)	Retain	Retained
Audit of Annual Report and Accounts 2017/18	Unqualified opinion	Met
Proportion of members receiving a benefit statement and by August	100%	100%
Overall satisfaction of employers, active members and pensioners measured by surveys	90%	92.7%
Percentage by value of pension contributions received within 19 days of end of month to which they relate	99%	99.7%
Investment performance and Risk of Lothian Pension Fund over rolling 5 year period	Meet benchmark	Met
Monthly pension payroll paid on time	Met	Met
Level of sickness absence	4.0%	3.9%
All staff complete at least two days training per year	Yes	100%
Staff engagement index	Greater than 70%	69%

Value for money

Value for Money is the term used to assess whether an organisation has obtained the maximum benefit from services it acquires or provides, within the resources available to it. It has three components to take account of economy, efficiency and effectiveness. The Fund participates in benchmarking provided by the Chartered Institute of Public Finance and Accountancy (CIPFA). The purpose is to help identify the areas where improvements can be made to deliver better value for money. The exercise carried out facilitates:

- comparison between costs and performance
- the provision of evidence to support decisions on budget relating to the sustainability and capability of the investment and administrative teams to enhance customer satisfaction

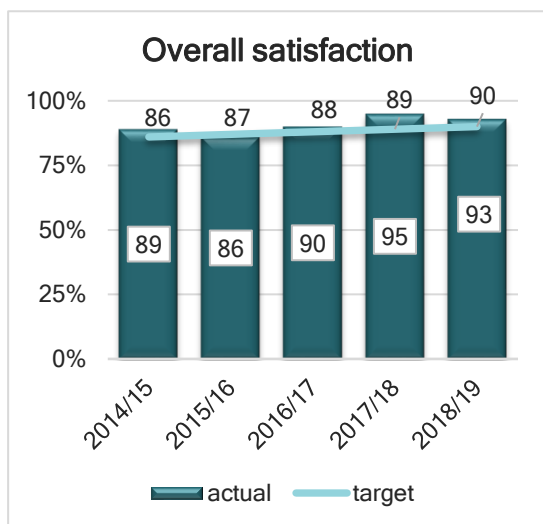


- sharing of information and ideas with peers; and
- a review of performance trends over time.

The outputs and analyses have served to supplement internal performance management information. However, the Chartered Institute of Public Finance and Accountancy (CIPFA) has stated that, in order to protect its commercial interests, its benchmarking reports “cannot be put in the public domain. It is for internal uses only within the authority....and for contacting and communicating with other members of the club”. We are therefore unable to include full information on the results in the Annual Report.

A summary of the benchmarking is as follows:

- Lothian Pension Fund’s cost per member of £23.38 falls within the very wide range of local authority funds of c£11 to £61. However, the cost is higher than the average of all funds of £21.71. The average of funds of comparable scale is £21.16.
- The composition of a Fund’s membership impacts costs. Active members represent 39.3% of the Fund membership compared with an average of 34.2%, and pensioners represent 30.8% compared with 24.1%, with the consequence that deferred members represent a lower proportion of membership (22.2%) than the typical fund (29.9%). As deferred members are less demanding on administration services, these factors would tend to increase pension administration and payroll workload and therefore cost.
- Also of note is that the proportion of staff holding relevant pension administration qualifications is significantly higher than the average (more than double).
- Moreover, the Fund’s administration performance is above average for 7 of the 9 industry standard indicators, in certain instances by a considerable margin.



Customer and complaint feedback

Listening to feedback is key to our services, with the Fund carrying out surveys to monitor individual and overall satisfaction. Our overall satisfaction continues to improve and in 2018/19 remains above the 90% target at 92.7%. This exceeds the target of 90%.

We also monitor complaints and ensure we respond and resolve where possible, within 20 working days. We investigate and learn from both formal and informal complaints to ensure we are continuously improving our services. Complaints are split by those about the service we provide and those about how Scheme Regulations are applied.



We carried out 20,389 processes in 2018/19 and there were very few complaints made, less than 0.1%. Complaints covered a broader range of issues including taking small pensions as a cash lump sum and the time it took to pay a Cash Equivalent Transfer Value to new pension providers.

Internal Dispute Resolution Procedure (IDRP)

Pensions law requires that the Local Government Pension Scheme must have a formal procedure in place for resolving disputes arising from the running of the scheme. The IDRP is a two stage process. An external independent appointed person deals with disputes at the first stage. The second stage is dealt with by the Scottish Ministers.

In 2018/19, there were seven stage 1 disputes for investigation. If a member remains dissatisfied with the Stage 1 decision, they have six months to take their appeal to Stage 2. In 2018/19, there were six Stage two disputes and one remaining from 2017/18 which is included in the statistics below.

Reason for dispute		Stage 1 outcome	Stage 2 outcome	On-going
Error	1	1 not upheld	1 not upheld	0
Overpayment	1	1 not upheld		1
Awards, eg early payment of deferred pension on health grounds	5	5 not upheld	1 upheld	4

Further information about the IDRP and complaints procedure is available on our website at www.lpf.org.uk/complaints.

Our data

We issued 100% of benefit statements by the statutory deadline of 31 August 2018. Although we have achieved over 99% in the past 2 years, this is the first time we have achieved 100% since the target was introduced by the Pensions Regulator in 2015.

All of our employers submit contribution data each month and in October, the Fund moved over to a new service following a tendering process. The previous provider did not tender and so a new service that integrates with our pension administration software was sought. This employer data portal has allowed us to continue to ensure accuracy of member data.

We measure our pension record keeping standards against The Pension Regulator's best practice guidance. Poor record-keeping can lead to significant additional costs in areas such as administration, error correction, claims from members as well as fines from The Pensions Regulator.



Over the year, we have continued data accuracy improvements with our employers and carried out significant additional work as part of the introduction of the new employer portal. We are also carrying out external tracing of members where we do not hold a current address.

Historically, the Fund has prepared its assessment of common and conditional data in-house, calculated as an overall percentage of member records passed in each category tested.

Due to the complexity of the Regulator's illustrative list of conditional data requirements, previous results were based on a small number of conditional data categories. The Annual Report and Accounts 2017/18 cited a score of 99.9% for both the common and conditional data.

This year, the Fund has utilised a new Data Quality Service provided by the software supplier. The Fund can now provide data score measurements required by the Regulator based on more comprehensive analysis and based on the percentage of clean member records without a single data failure.

The conditional data now interrogates five data categories; Member Benefits, Member Details, CARE Benefits, HMRC Data and Contracted Out Data.

The Fund's scores as at 31 March 2018 were 95.6% for common data and 90.9% for conditional data. As this is the first time using the new software, issues have been identified with the way some historic data has been recorded, rather than data being unavailable. The software supplier has stated that the general quality of the Fund's common data is of a high standard compared with other LGPS funds. The data is being prepared for as at 31 March 2019 and the results will be reported in the audited version of the Annual Report and Accounts.

Guaranteed Minimum Pension (GMP)

GMP is the minimum pension which a United Kingdom occupational pension scheme must provide for those employees who were contracted out of the State Earnings-Related Pension Scheme (SERPS) between 6 April 1978 and 5 April 1997. The UK Government has mandated a reconciliation of Guaranteed Minimum Pension details held on scheme pension administration records to those held by HMRC. This was to be completed by the 31 March 2019.

An internal team has been working on this project since the announcement and the reconciliation was 100% complete by March 2019. Underpayments of pensions are being corrected and put into payment, together with lump sum arrears.

The Scottish Ministers have decided any LGPS pension in payment affected by the exercise should not be reduced. Instead it is expected that overpayments will be held separately and remain static going forward and not receive any Pension Increase that may be due on other LGPS pension benefits.



Pension Administration

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.

New Scheme Regulations were introduced with effect from 1 June 2018 introducing a number of changes, the most significant of which lowered the earliest age members can voluntarily retire to 55.

However, changes were not made to previous transitional Regulations 2014 which meant important regulatory references within the Transitional Regulations were incorrect and therefore not competent. Legal advice at the time confirmed that using these Regulations could leave the Fund open to challenge.

The Fund therefore put a hold on paying retirement and death in service benefits for members with membership prior to April 2015. A letter of comfort from the Scottish Government was received 2 months later which allowed the resumption of these payments.

Also, on 29 October 2018, the UK Government announced a change in the discount rate used to set employer contribution in public service pension schemes. As a result, the Fund had to suspend all non-club Cash Equivalent Transfer Values (CETVs) and Divorce CETVs until new factors were made available on 29 November 2018.

Our in-house pension administration team provides a dedicated service for the pension fund members. 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. Despite the challenging environment, 92% of key procedures in 2018/19 were completed in target. However, in other areas, some delays were experienced while this key work was prioritised.

The table below shows the number and type of retirements in 2018/19.

	Ill health	Early - age 60 to NPA	Early – age 55 to 59	Redundancy	Efficiency	Late	TOTAL
Lothian Pension Fund	118	907	140	115	61	165	1506
Scottish Homes Pension Fund	0	21	0	0	0	0	21

The table below shows performance against key procedures in 2018/19.



	Target	Actual
Proportion of critical pensions administration work completed within standards – individual performance within this indicator are shown below	Greater than 91%	92.2%
Provide a maximum of one guaranteed Cash Equivalent Transfer Value (CETV) within 10 working days of receiving a request	90%	96.7%
Payment of CETV within 20 working days of receiving all completed transfer out forms	95%	97.2%
Pay lump sum retirement grant within 7 working days of receiving all the information we need from the member	95%	97.5%
Notification of dependant benefits within 5 working days of receiving all necessary paperwork	95%	98.3%
Acknowledge of the notification of the death of a member to next of kin within 5 working days.	95%	97.2%
Respond in writing within 20 working days to formal complaints that have escalated from frontline resolution, or recorded directly as an investigation	95%	100%
Provide transfer-in quote within 10 working days of receiving the Cash Equivalent Transfer Value (CETV) from member's previous pension provider.	95%	80.4%
Notify members holding more than 3 months, but less than 2 years' service, of their options at leaving. As there is a one month and a day lying period, the target is within 10 days of the end of the lying period or after the employer providing full leaving information if later,	80%	77.0%
Pay a refund of contributions within 7 working days of receiving the completed declaration and bank detail form.	90%	87.7%
Notify early leavers entitled to deferred benefits of their rights and options within 10 days of being informed of end of pensionable service.	90%	81.7%
Estimate requested by employer of retirement benefits within 10 working days	90%	82.3%
Pay any lump sum death grant within 7 working days of receipt of the appropriate documentation	95%	92.7%
Proportion of non-key procedures completed within standard including Additional Regular Contributions, responding to member communications, updating nominations and maintaining the member database.	75%	73.6%



The Fund also participates in the National Fraud Initiative which is a data matching exercise led by Audit Scotland and is carried out every two years. The 2018/19 matching exercise started in Autumn 2018 and matches were made available to the Fund from 31 January 2019. We are currently investigating these and will report the outcomes to the Pensions Committee in September 2019. In 2018/19, the total value of pension overpayments written off under delegated authority (overpayments up to £3,000) between 1 September 2017 and 31 August 2018 was £1,860.33.

There were three cases with a total of £74,978 written off as overpayment of pensions by the Pensions Committee.

The most significant overpayment was for a widow who did not notify us of remarriage. The pension should have been stopped on remarriage due to earlier pension scheme rules that prohibit payment of a widow's pension on remarriage which resulted in the overpayment. However, these regulations do allow reinstatement at a future date should the remarriage end. A caveat has been put in place that any reinstatement would only be paid once the recovery of the overpaid pension amount had taken place.

Online services

The Fund is moving towards providing as many services as possible online. We currently have 44% of active members registered for the online service. We provide retirement estimates and refund information online and are investigating ways to increase the use of improve processing times and enhance services for our members. Information for members is also available via email, phone and in person visitors to our offices.

Lothian PENSION FUND

Help Home Login

Login

LOGIN - Please enter your username and password below. PLEASE NOTE: the fields turn green to indicate you have completed them, it does not mean that the entry is correct. Not registered? You can sign up to [register](#) or [re-register](#) here.
If you have received an activation key, please [complete your registration](#) here.

Username

Password

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Login

As part of the pension software tender process, we introduced a new portal for employers to send monthly contribution returns. Data can now be automatically uploaded to the pension software system allowing automation of tasks previously requiring to be done manually.

This project resulted in a small number of employers' data being delayed whilst changes to processes and matching of information was carried out. In 2019/20, all employers should be fully utilising the service.



Unclaimed Monies Account

Where a member leaves the Fund with less than 2 years membership they are entitled to a refund or transfer to another pension provider. Where we do not receive a response to any of our correspondence, we record these as Status 3: Exit – No liability with a marker as unclaimed. We report this figure monthly and at 1 April 2019 the unclaimed amount was £909,056.44 with 2,527 records with the unclaimed marker.

We are continuing to check these unclaimed records and contacting these members to remind them of their options and will work to ensure monies are refunded or transferred where possible.

Employer performance

The Pensions Administration Strategy sets out the roles and responsibilities of both the Fund and employers, specifying the levels of services the parties will provide to each other and referring to four key areas where the Fund 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 Fund with information required to provide members with pensions savings statements; and
- Failure to provide details of member contributions monthly.

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

Due to the ongoing migration to the new data transfer portal, we are unable to provide accurate statistics for new members. Employers have continued to provide new member data and we will be in a position to report accurately in 2019/20.

Whilst the provision of leaver information in target has increased slightly, the majority were received out of target. We have continued to target historical cases and provide missing leaver queries to employers monthly. We are confident that historical cases have now been completed and employers can focus on 'business as usual' cases in 2019/20.



Unfortunately, most retirement information continues to be provided out of target. Just over half of all retirements occur where members are over age 55 and voluntarily take their pension benefits with a permanent actuarial reduction. Only 35% of these retirements were received in target. We shall continue our engagement with employers to seek requisite improvement.

Overall employer performance for 2018/19 is shown below, with 2017/18 shown for comparison purposes.

Case type	Target (working days)	2017/18			2018/19		
		Number received	Number within target	% within target	Number received	Number within target	% within target
New members	20	6,204	5,439	88%	4,379	N/A	N/A
Leavers	20	2,460	1,058	43%	3,628	1,715	47%
Retirements	20	1,050	427	41%	1,249	488	39%
Deaths in Service	10	26	13	50%	11	7	64%

Employer contributions

We monitor the payment of employer contributions as employers are required under the Pensions Act 1995 to pay contributions by the 19th of the month after the deduction was made. This is a key performance indicator with a target of was 99% contributions paid in time.

The primary rate for the whole Fund at the triennial valuation for 2018/19 was 31.8% shown as a percentage of pay. Each employer has its own individual rate based on its own circumstances.

99.7% of contributions by value were paid on time. Of the 1,022 payments made, 46 were paid later than the 19th and these are shown in the table. The option to levy interest on overdue contributions was not exercised in 20118/19 as late contributions were not received significantly later than the 19th significant.



Employer	Number of late payments	Employer	Number of late payments
Scotland's Learning Partnership	10	Young Scot Enterprise	2
Freespace Housing	5	Baxterstorey	1
Skanska	5	Canongate Youth Project	1
Homeless Action Scotland	4	Enjoy East Lothian	1
North Edinburgh Dementia Care	3	Morrison Construction	1
EDI Group Ltd	3	Scottish Futures Trust	1
Four Square	2	St Columba's Hospice	1
Heriot Watt University	2	Visit Scotland	1
Stepping Out Project	2	West Lothian College	1
TOTAL			46

Scotland's Learning Partnership has been late with payments on ten occasions and at time of writing in May 2019, the January, February and March secondary payments were still outstanding. It should be noted that, on 26 April 2019, Scottish Public Pensions Agency (SPPA) advised that "Ministers have agreed that Scottish Government will provide a guarantee in respect of the liabilities for the staff from the former Community Learning Scotland who transferred to the Local Government Pension Scheme".

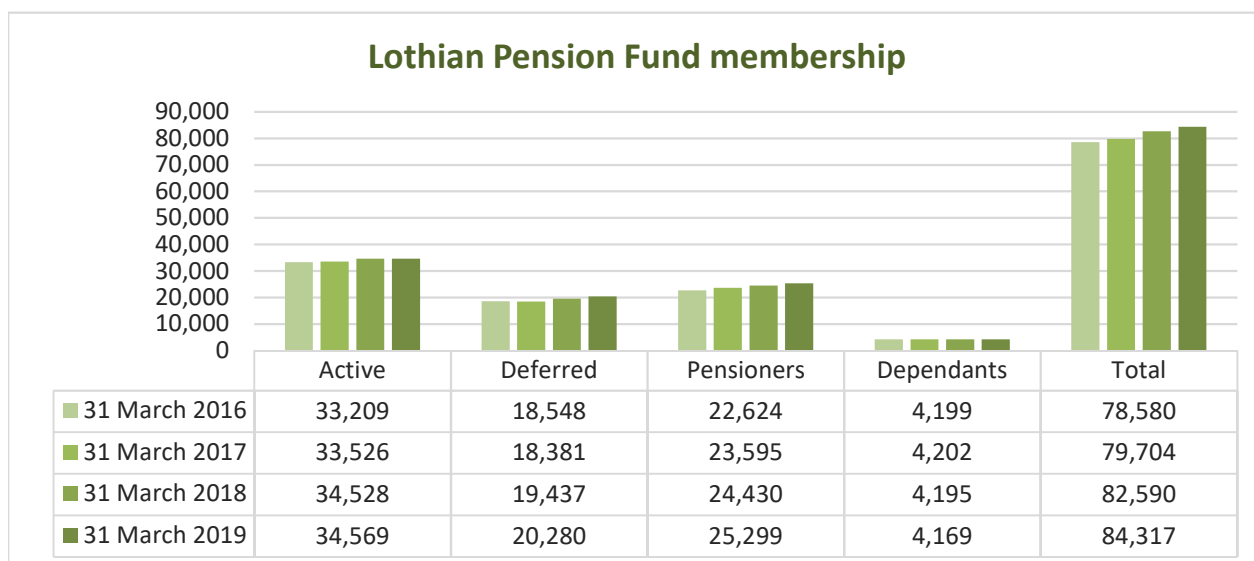
Management commentary approved by:

ANDREW KERR
Chief Executive Officer
The City of Edinburgh Council
26 June 2019

DOUG HERON
Chief Executive
Lothian Pension Fund
26 June 2019

JOHN BURNS
Chief Finance Officer
Lothian Pension Fund
26 June 2019

Lothian Pension Fund



Membership include Lothian Buses members as the Funds were merged in January 2019. Lothian Buses membership as at 31 March 2019 totalled 898 active members, 1,011 deferred members, 1,382 pensioner members and 384 dependants.

Investment Strategy

In order to provide suitable investment strategies for the differing requirements of employers, the Fund currently operates four investment strategies. Most employer liabilities are funded under the Main Strategy, 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 broad asset class levels, which are the key determinants of investment risk and return. During 2018, the previous broad asset classes of Equities, Index-linked assets and Alternatives were replaced by five policy groups - Equities, Real Assets, Non-Gilt Debt, Gilts and Cash - to better reflect the risk and return characteristics of each group.

A small number of employers are funded in the Mature Employers Strategy, which invests in a portfolio of UK index-linked gilts to reduce funding level and contribution rate risk as these employers approach exit from the Fund. The liabilities funded by the Mature Employers Strategy represent less than 1% of total liabilities.

The 50/50 Strategy enables another small group of less mature employers to fund liabilities with a 50/50 mix of the Main Strategy and the Mature Employers Strategy. The liabilities funded by the 50/50 Strategy represent just over 1% of total liabilities.

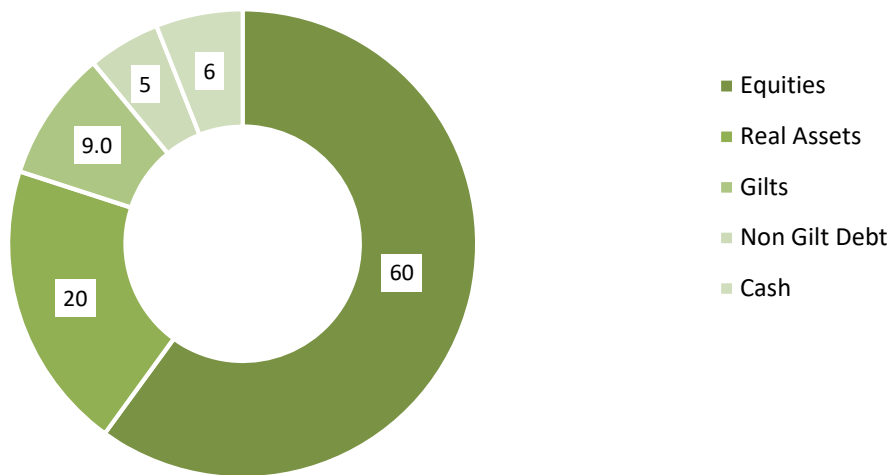
The Buses Strategy was introduced on 31 January 2019 when the assets and liabilities of Lothian Buses Pension Fund were consolidated into the Lothian Pension Fund. It is the same strategy that the Buses Pension Fund followed previously (agreed by Committee in 2016) when it was managed as a separate Fund

Following on from the 2017 actuarial valuation and a comprehensive review of strategy. This review focused on the Main Strategy because the Mature Employers Strategy is entirely invested in gilts, the 50/50 Strategy is invested in a 50/50 combination of the Main Strategy and the Mature Employers Strategy, and the Buses Strategy is the previously agreed Lothian Buses Strategy.

The conclusion of the strategy view was that the Fund should continue with its previous investment strategy (65% invested in lower risk equities) whilst continuing to monitor the impact of bond yields. Opportunities to reduce risk, by reducing equities by up to 15%, should be considered if bond yields and funding levels increase significantly. The Fund's investment strategy was approved by the Pensions Committee in December 2018.

Lothian Pension Fund At 31 March 2019	Main Strategy	Mature Ers Strategy	50/50 Strategy	Buses Strategy	Total Fund Strategy
Equities	65.0%	0.0%	32.5%	51.5%	63.1%
Real Assets	18.0%	0.0%	9.0%	18.0%	17.7%
Non-Gilt Debt	10.0%	0.0%	5.0%	10.5%	9.9%
Gilts	7.0%	100.0%	53.5%	20.0%	9.3%
Cash	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100%	100%	100%	100%	100%

Actual Asset Allocation (%) at 31 March 2019



A key objective of the Fund's investment strategy is to reduce risk and this is largely achieved by reducing risk within the equity pool of assets. Implementation of the strategy has involved a shift from a regional to a global manager structure. Significant steps have been taken in this regard in prior years with the introduction of the internally managed global equity portfolios. As such, 2018/19 represented much more of a "steady state" in terms of the structure within the equity exposure.

The activity in recent years (2012-2015) has been to increase the proportion of internally managed global equity strategies to reduce investment risk. The resultant equity pool of assets is expected to perform relatively well when equity markets are weak and produce good positive absolute returns in rising equity markets.

Almost 85% of the Fund's listed equities are managed internally with the majority of these in low cost, low turnover strategies, which are expected to enhance the Fund's risk-adjusted returns over the long term. The Fund also hedges exposures to the currencies of overseas listed equities with the explicit aim of reducing volatility rather than seeking to generate improved returns. The Fund therefore maintains exposure to currencies that are expected to reduce volatility, such as the US Dollar and Japanese Yen which tend to fall as equities rise, and hedges exposure to currencies that are expected to increase volatility, such as the Australian Dollar which tends to rise as equities rise.

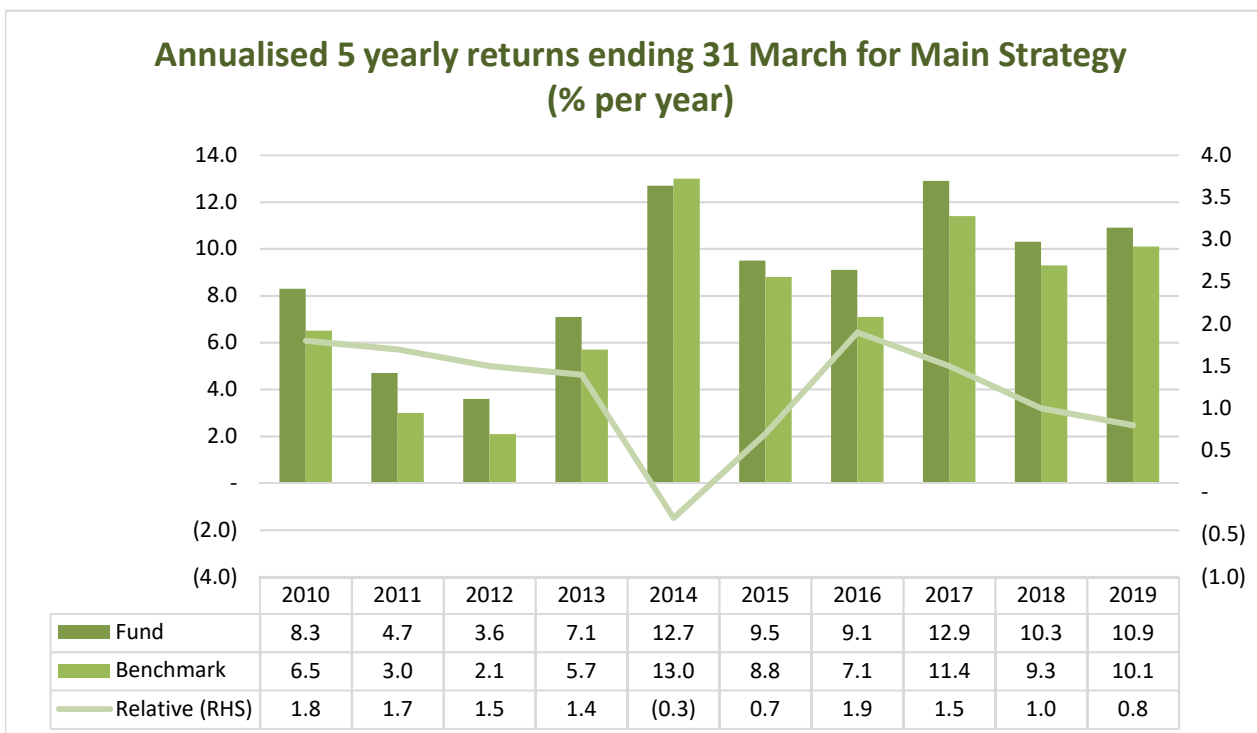
Investment performance

The Fund's performance over the last year and over longer-term timeframes is shown in the table below.

Annualised returns to 31 March 2019 (% per year)	1 year	5 year	10 years
Lothian Pension Fund - Main Strategy	9.6	10.9	11.8
Benchmark*	9.1	10.1	11.5
Lothian Pension Fund - Mature Employers Strategy	4.9	-	-
Benchmark	4.6	-	-
Retail Price Index (RPI)	2.5	2.3	3.0
Consumer Price Index (CPI)	2.0	1.4	2.2

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

**estimated



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 performance of the Mature Employers Strategy was broadly in line with benchmark over the year, returning +4.9%. Performance of this strategy has also been broadly in line with benchmark since inception (29 March 2016), with a return of +8.4% per annum.

The Fund's return has exceeded its objective of meeting the benchmark return over the economic cycle, with both the 5 and 10 year return ahead of benchmark. The direction of the Fund's performance when markets are increasing and decreasing is one way of measuring volatility. The lower volatility objective and strategy for the Main Strategy was put in place in December 2013 and over this period market volatility has been relatively benign, for the most part. Nevertheless, performance since the change in structure (with the launch of the global low volatility equity portfolio and the shift from regional passive to active) indicates that the Fund is delivering returns with lower volatility than its benchmark.

For the Main Strategy, performance from March 2014 to March 2019 has been:

- better than the strategic allocation when markets fell (18 out of 60 months) with average performance of 0.41% better than the strategic benchmark and,
- marginally worse than the strategic allocation when markets were rising (42 out of 60 months) with average performance 0.09% behind the strategic benchmark.

Risk analysis also shows that the portfolio is positioned well if markets fall significantly.

Lothian Pension Fund

Fund Account for year ended 31 March 2019

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 are employers' and employees' contributions and investment income, as well as the cost of providing benefits and administration of the Fund.

Lothian Pension Fund			Lothian Pension Fund	
Parent	Group		Parent	Group
Restated	Restated			
2017/18	2017/18		2018/19	2018/19
£000	£000	Note	£000	£000
Income				
156,402	156,402	Contributions from employers	175,540	175,540
45,409	45,409	Contributions from members	47,416	47,416
4,204	4,204	Transfers from other schemes	3,852	3,852
206,015	206,015		226,808	226,808
Less: expenditure				
158,139	158,139	Pension payments including increases	167,997	167,997
45,117	45,117	Lump sum retirement payments	50,270	50,270
6,642	6,642	Lump sum death benefits	5,542	5,542
600	600	Refunds to members leaving service	720	720
129	129	Premiums to State Scheme	(82)	(82)
13,174	13,174	Transfers to other schemes	13,028	13,028
2,049	2,250	Administrative expenses	2,283	2,532
225,850	226,051		239,758	240,007
(19,835)	(20,036)	Net (withdrawals)/additions from dealing with members	(12,950)	(13,199)
Returns on investments				
171,948	171,948	Investment income	190,975	190,975
(25,539)	(25,539)	Change in market value of investments	503,734	503,734
(35,067)	(35,685)	Investment management expenses	(35,938)	(36,102)
111,342	110,724	Net returns on investments	658,771	658,607
91,507	90,688	Net increase in the Fund during the year	645,821	645,408
7,083,573	7,083,034	Net assets of the Fund at 1 April 2018	7,175,080	7,173,722
7,175,080	7,173,722	Net assets of the Fund at 31 March 2019	7,820,901	7,819,130

Lothian Pension Fund

Net Assets Statement as at 31 March 2019

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

Lothian Pension Fund				Lothian Pension Fund	
Parent	Group			Parent	Group
Restated	Restated				
31 March	31 March			31 March	31 March
2018	2018			2019	2019
£000	£000	Investments	Note	£000	£000
7,139,849	7,139,849	Assets		7,790,671	7,790,671
(5,362)	(5,362)	Liabilities		(1,912)	(1,912)
7,134,487	7,134,487	Net investment assets	14	7,788,759	7,788,759
		Non current assets			
1,525	1,525	Debtors	24	3,330	3,330
168	168	Computer systems		430	430
60	-	Share Capital		60	-
-	292	Deferred tax	29a	-	393
1,753	1,985			3,820	4,153
		Current assets			
3,083	3,083	The City of Edinburgh Council	28	884	884
48,833	48,926	Cash balances	21, 28	35,897	36,238
16,406	16,476	Debtors	25	22,340	22,563
68,322	68,485			59,121	59,685
		Non current liabilities			
-	(1,715)	Retirement benefit obligation	30	-	(2,309)
-	-	Creditors		-	(13)
-	(1,715)			-	(2,322)
		Current liabilities			
(29,482)	(29,520)	Creditors	26	(30,799)	(31,145)
(29,482)	(29,520)			(30,799)	(31,145)
7,175,080	7,173,722	Net assets of the Fund at 31 March		7,820,901	7,819,130

The unaudited accounts were issued on 26 June 2019 and the audited accounts were authorised for issue on XX September 2019.

JOHN BURNS FCMA CGMA, PgC
Chief Finance Officer, Lothian Pension Fund
26 June 2019

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 Funds can be found on page 105.

2 Prior Year Restatement of Financial Statements

At its meeting on 26 March 2018, the Pensions Committee approved the merger of the assets and liabilities of the Lothian Buses Pension Fund into the Lothian Pension Fund, subject to the satisfactory completion of a revised admission agreement and shareholder guarantees. Having received the necessary admission agreement and shareholder guarantees, the Lothian Buses Pension Fund assets were merged into Lothian Pension Fund on 1 February 2019.

As per the statement of accounting policies on page 106, the Fund has deemed the most appropriate treatment for the transfer of assets is 'transfer by merger'. This requires a restatement of 2017/18 financial figures of Lothian Pension Fund to include Lothian Buses Pension Fund assets for the same period.

The analysis below demonstrates the impact of merging Lothian Buses Pension Fund assets and liabilities in to Lothian Pension Fund Parent and Group Fund Account and Net Asset Statement for the 2017/18 financial period.

Lothian Pension Fund Parent 2017/18 £000		Lothian Pension Fund Group 2017/18 £000		Lothian Buses 2017/18 £000		RESTATED Lothian Pension Fund Parent 2017/18 £000		Lothian Pension Fund Group 2017/18 £000	
					Income				
148,821	148,821	7,581	Contributions from employers		156,402	156,402			
43,421	43,421	1,988	Contributions from members		45,409	45,409			
4,191	4,191	13	Transfers from other schemes		4,204	4,204			
196,433	196,433	9,582			206,015	206,015			
					Less: expenditure				
149,384	149,384	8,755	Pension payments including increases		158,139	158,139			
42,533	42,533	2,584	Lump sum retirement payments		45,117	45,117			
6,359	6,359	283	Lump sum death benefits		6,642	6,642			
596	596	4	Refunds to members leaving service		600	600			
129	129	-	Premiums to State Scheme		129	129			
12,517	12,517	657	Transfers to other schemes		13,174	13,174			
1,950	2,151	99	Administrative expenses		2,049	2,250			
213,468	213,669	12,382			225,850	226,051			
(17,035)	(17,236)	(2,800)	Net (withdrawals)/additions from dealing with members		(19,835)	(20,036)			
					Returns on investments				
163,869	163,869	8,079	Investment income		171,948	171,948			
(43,288)	(43,288)	17,749	Change in market value of investments		(25,539)	(25,539)			
(32,643)	(33,261)	(2,424)	Investment management expenses		(35,067)	(35,685)			
87,938	87,320	23,404	Net returns on investments		111,342	110,724			
70,903	70,084	20,604	Net increase in the Fund during the year		91,507	90,688			
6,595,430	6,594,891	488,143	Net assets of the Fund at 1 April 2017		7,083,573	7,083,034			
6,666,333	6,664,975	508,747	Net assets of the Fund at 31 March 2018		7,175,080	7,173,722			

Notes to the Financial Statements

2 Prior Year Restatement of Financial Statements (cont)

Lothian Pension Fund		Lothian	Lothian Pension Fund	
Parent	Group	Buses	Parent	Group
31 March	31 March	31 March	31 March	31 March
2018	2018	2018	2018	2018
£000	£000	£000	£000	£000
6,633,467	6,633,467	506,382	7,139,849	7,139,849
(5,112)	(5,112)	(250)	(5,362)	(5,362)
6,628,355	6,628,355	506,132	7,134,487	7,134,487
1,753	1,985	-	1,753	1,985
2,784	2,784	299	3,083	3,083
47,024	47,117	1,809	48,833	48,926
15,564	15,634	842	16,406	16,476
65,372	65,535	2,950	68,322	68,485
-	(1,715)	-	-	(1,715)
(29,147)	(29,185)	(335)	(29,482)	(29,520)
(29,147)	(29,185)	(335)	(29,482)	(29,520)
6,666,333	6,664,975	508,747	7,175,080	7,173,722

Prior year comparative figures in the notes that follow will be marked with * if they have been affected by the merger.

3 Lothian Pension Fund Group

Basis of consolidation, presentation of financial statements and notes

Commencing with the year ended 31 March 2018, Consolidated Financial Statements have been prepared for Lothian Pension Fund. The Financial Statements of 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".

Notes to the Financial Statements

3 Lothian Pension Fund Group (cont)

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.

Prior to the consolidation of the group accounts, the LPFE and LPFI boards met on the 21st May 2019 and approved their respective audited financial statements for 2018/19. The figures used in the consolidation are from these audited financial statements.

4 Events after the Reporting Date

There have been no events since 31 March 2019, and up to the date when these accounts were authorised, that require any adjustments to these accounts.

5 Contributions from employers

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

By category	2017/18* £000	2018/19 £000
Primary Contribution (future service)	144,549	160,778
Secondary Contribution (past service deficit)	7,694	8,057
Strain costs	2,747	4,082
Cessation contributions	1,412	2,623
	156,402	175,540

By employer type	2017/18* £000	2018/19 £000
Administering Authority	55,041	59,830
Other Scheduled Bodies	81,273	92,644
Community Admission Bodies	19,629	22,282
Transferee Admission Bodies	459	784
	156,402	175,540

Notes to the Financial Statements

5 Contributions from employers (cont)

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 "primary contribution rate" previously 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, known as the "secondary contribution rate". 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.

Included within the above contributions are accruals for:

- receipt of six months past service deficit for Scottish Learning Partnership (SLP) of £24k. The Fund continues to pursue these payments, whilst noting that the Scottish Government has indicated that it expects to sign as guarantor for SLP liabilities.
- City of Edinburgh Council has advised the Fund of revised sums in respect of assumed pensionable pay. £107k has been accrued covering payments due in the financial period 2015/16 to 2017/18. These payments will be transferred to the Fund in the first quarter of 2019/20.

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.

6 Contributions from members

By employer type	2017/18* £000	2018/19 £000
Administering Authority	15,633	16,437
Other Scheduled Bodies	23,463	24,507
Community Admission Bodies	6,161	6,217
Transferee Admission Bodies	152	255
	45,409	47,416

7 Transfers in from other pension schemes

	2017/18* £000	2018/19 £000
Group transfers	-	-
Individual transfers	4,204	3,852
	4,204	3,852

Notes to the Financial Statements

8 Pensions payable

By employer type	2017/18* £000	2018/19 £000
Administering Authority	73,922	76,932
Other Scheduled Bodies	70,484	75,860
Community Admission Bodies	13,537	14,993
Transferee Admission Bodies	196	212
	158,139	167,997

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.

The Fund has requested that responsibility for these "unfunded transfer payments" should transfer to the Scottish Public Pension's Agency (SPPA). A response from SPPA is awaited.

9 Lump sum retirement benefits payable

By employer type	2017/18* £000	2018/19 £000
Administering Authority	16,623	17,374
Other Scheduled Bodies	23,234	27,818
Community Admission Bodies	5,131	5,053
Transferee Admission Bodies	129	25
	45,117	50,270

10 Lump sum death benefits payable

By employer type	2017/18* £000	2018/19 £000
Administering Authority	3,375	2,943
Other Scheduled Bodies	2,854	2,049
Community Admission Bodies	413	550
Transferee Admission Bodies	-	-
	6,642	5,542

Notes to the Financial Statements

11 Transfers out to other pension schemes

	2017/18*	2018/19
	£000	£000
Group transfers	-	-
Individual transfers	13,174	13,028
	13,174	13,028

12a Total management expenses

In accordance with CIPFA guidance, the analysis below considers the combined administration and investment management expenses in notes 12b and c and splits out the costs to include a third category covering oversight and governance expenditure.

	LPF Parent 2017/18* £000	LPF Group 2017/18* £000	LPF Parent 2018/19 £000	LPF Group 2018/19 £000
Administrative costs	1,693	1,879	1,988	2,176
Investment management expenses	33,943	34,241	34,422	34,629
Oversight and governance costs	1,481	1,815	1,811	1,829
	37,117	37,935	38,221	38,634

12b Administrative expenses

	LPF Parent 2017/18* £000	LPF Group 2017/18* £000	LPF Parent 2018/19 £000	LPF Group 2018/19 £000
Employee Costs	1,198	1,222	1,494	1,540
System costs	306	307	304	305
Actuarial fees	127	127	72	72
External/Internal audit fees	68	74	49	52
Legal fees	2	2	20	20
Printing and postage	120	120	111	111
Depreciation	60	60	45	45
Office costs	107	107	100	100
Sundry costs less sundry income	61	60	88	73
IAS19 retirement benefit adjustments - see note 30	-	206	-	249
Deferred tax on retirement benefit obligation - see note 29a	-	(35)	-	(42)
Corporation tax	-	-	-	6
	2,049	2,250	2,283	2,531

LPFE, which is a wholly owned subsidiary of the Council, is responsible for providing the staffing resource to administer the pension funds. The Fund has a service level agreement in place with the Council for certain support services. Costs directly attributable to a specific Fund are charged to the relevant Fund, costs that are common to the two Funds are allocated on a defined basis.

Notes to the Financial Statements

12c Investment management expenses

	LPF Parent 2017/18* £000	LPF Group 2017/18* £000	LPF Parent 2018/19 £000	LPF Group 2018/19 £000
External management fees -				
invoiced	4,931	4,931	4,977	4,977
deducted from capital (direct investment)	19,777	19,777	17,657	17,657
deducted from capital (indirect investment)	5,912	5,912	5,062	5,062
Securities lending fees	191	191	189	189
Transaction costs - Equities	1,207	1,207	1,498	1,498
Property operational costs	337	337	2,615	2,615
Employee costs	1,368	1,471	2,075	2,165
Custody fees	396	396	356	356
Engagement and voting fees	93	93	114	114
Performance measurement fees	85	85	92	92
Consultancy fees	52	52	125	125
Research fees	65	65	329	329
System costs	322	323	441	442
Legal fees	71	99	134	137
Depreciation	8	8	16	16
Office costs	84	84	76	76
Sundry costs less sundry income	168	(38)	182	(56)
IAS19 retirement benefit adjustments - see note 30	-	824	-	345
Deferred tax on retirement benefit obligation - see note 29	-	(140)	-	(59)
Corporation tax	-	-	-	23
Corporation tax losses utilised by CEC group	-	8	-	-
	35,067	35,685	35,938	36,103

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 15 - Reconciliation of movements in investments and derivatives).

The external investment management fees (deducted from capital) above include £8.5m (£6.1m direct, £2.4m indirect) in respect of performance-related fees compared to £9.4m in 2017/18 (£7.1m direct, £2.3m indirect).

It should be noted that Lothian Pension Fund's disclosure on investment management fees exceed CIPFA's "Accounting for Local Government Pension Scheme Management Costs" 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 31. This further disclosure highlights an extra £5.1m in costs (2018 £5.9m).

Notes to the Financial Statements

13 Investment income

	2017/18* £000	2018/19 £000
Income from bonds	4,267	11,622
Dividends from equities	138,584	152,814
Unquoted private equity and infrastructure	7,601	5,005
Income from pooled investment vehicles	6,207	2,432
Gross rents from properties	23,079	23,501
Interest on cash deposits	708	2,156
Stock lending and sundries	957	943
	181,403	198,473
Irrecoverable withholding tax	(9,455)	(7,498)
	171,948	190,975

Included within the dividend from equities income for the year is cross border withholding tax yet to be received. The Fund's custodian Northern Trust manages this process and due to the high certainty of success it is assumed that the Fund will make full recovery of these reclaims. For the period of 2018/19 £4,526k of the stated income relates to tax yet to be received. At the 31st March 2019 £9,066k (including prior periods) of investment income receivable related to cross border withholding tax. The Fund monitors these claims to ensure its optimum tax efficiency and provides an annual progress report to the Pensions Audit Sub-Committee.

Notes to the Financial Statements

14 Net investment assets

	Region	31 March 2018*	31 March 2019
Investment Assets		£000	£000
Bonds			
Public sector fixed interest	UK	153,585	158,219
Public sector index linked gilts quoted	UK	582,893	697,211
		736,478	855,430
Equities			
Quoted	UK	557,735	641,038
Quoted	Overseas	3,729,729	3,918,803
		4,287,464	4,559,841
Pooled investment vehicles			
Private equity, infrastructure, private debt & timber	UK	527,172	616,556
Private equity, infrastructure, private debt & timber	Overseas	597,899	633,487
Property	UK	108,125	90,358
Other	UK	31,357	31,978
		1,264,553	1,372,379
Properties			
Direct property	UK	392,743	411,978
		392,743	411,978
Derivatives			
Derivatives - forward foreign exchange		12,121	3,025
		12,121	3,025
Cash deposits			
Deposits		426,380	569,190
		426,380	569,190
Other investment assets			
Due from broker		2,947	1,037
Dividends and other income due		17,163	17,791
		20,110	18,828
Total investment assets		7,139,849	7,790,671
Investment liabilities			
Derivatives			
Derivatives - forward foreign exchange		(204)	(854)
		(204)	(854)
Other financial liabilities			
Due to broker		(5,158)	(1,058)
		(5,158)	(1,058)
Total investment liabilities		(5,362)	(1,912)
Net investment assets		7,134,487	7,788,759

Notes to the Financial Statements

15a Reconciliation of movement in investments and derivatives

	Market value at 31 March 2018* £000	Purchases at cost & derivative payments £000	Sale & derivative receipts £000	Change in market value £000	Market value at 31 March 2019 £000
Bonds	736,478	227,909	(150,897)	41,940	855,430
Equities	4,287,464	1,090,848	(1,122,578)	304,107	4,559,841
Pooled investment vehicles	1,264,553	219,829	(261,125)	149,122	1,372,379
Property	392,743	21,290	-	(2,055)	411,978
Derivatives - futures	-	30	(30)	-	-
Derivatives - forward foreign exchange	11,917	8,223	(12,199)	(5,770)	2,171
	6,693,155	1,568,129	(1,546,829)	487,344	7,201,799
Other financial assets / liabilities					
Cash deposits*	426,380			16,376	569,190
Broker balances*	(2,211)			14	(21)
Investment income due*	17,163			-	17,791
	441,332			16,390	586,960
Net financial assets	7,134,487			503,734	7,788,759

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 2017* £000	Purchases at cost & derivative payments £000	Sale & derivative receipts £000	Change in market value £000	Market value at 31 March 2018* £000
Bonds	732,628	42,200	(39,305)	955	736,478
Equities	4,494,078	907,719	(962,127)	(152,206)	4,287,464
Pooled investment vehicles	1,223,996	70,066	(149,092)	119,583	1,264,553
Property	356,741	40,758	(17,329)	12,573	392,743
Derivatives - futures	-	11	163	(174)	-
Derivatives - forward foreign exchange	657	2,983	(3,722)	11,999	11,917
	5,141,969	1,063,737	(1,171,412)	(7,270)	6,693,155
Other financial assets / liabilities					
Cash deposits*	432,072			(18,272)	426,380
Broker balances*	(852)			3	(2,211)
Investment income due*	29,042			-	17,163
	256,994			(18,269)	441,332
Net financial assets	5,398,963			(25,539)	7,134,487

* As per CIPFA disclosures the change in market value intentionally does not balance opening/closing market values

Notes to the Financial Statements

15d Reconciliation of fair value measurements within level 3

	Market value at 31 March 2018*	Level 3 transfers		Purchases at cost & derivative payments	Sales & derivative receipts	Unrealised gains / (losses)	Realised gains / (losses)	Market value at 31 March 2019
		in	out					
Pooled investments								
Infrastructure	773,193	-	-	136,416	(137,747)	32,426	40,572	844,860
Property	66,638	-	-	-	(15,891)	(1,611)	(153)	48,983
Private Equity	90,403	-	-	2,283	(26,834)	18,669	(8,362)	76,159
Timber	118,235	-	-	579	(14,724)	11,044	8,894	124,028
Private debt	143,245	-	-	80,893	(21,155)	(95)	2,108	204,996
-	-	-	-	-	-	-	-	-
Freehold Property	392,743	-	-	21,290	-	(2,055)	-	411,978
	1,584,457	-	-	241,461	(216,351)	58,378	43,059	1,711,004

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.

16 Derivatives - forward foreign exchange

Summary of contracts held at 31 March 2019

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	49,327	91,691	59	(702)
Up to one month	CAD	GBP	12,909	7,565	-	(152)
Up to one month	GBP	CAD	142,170	242,817	2,720	-
Up to one month	USD	JPY	253	28,011	-	-
Up to one month	GBP	JPY	26	3,800	-	-
Up to one month	USD	ZAR	531	7,661	-	-
One to six months	USD	CHF	7,393	6,991	246	-

Open forward currency contracts at 31 March 2019

3,025	(854)
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Net forward currency contracts at 31 March 2019

2,171

Prior year comparative

Open forward currency contracts at 31 March 2018*

12,121	(204)
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Net forward currency contracts at 31 March 2018

11,917

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 Financial Statements

17 Investment managers and mandates

Manager	Mandate	Market value at 31 March 2018* £000	% of total 31 March 2018 %	Market value at 31 March 2019 £000	% of total 31 March 2019 %
In-house	UK all cap equities	139,655	2.0	144,692	1.9
In-house	UK mid cap equities	131,607	1.8	121,698	1.6
Total UK equities		271,262	3.8	266,390	3.5
In-house	European ex UK equities	130,696	1.8	125,418	1.6
In-house	US equities	146,279	2.3	160,148	2.1
Total regional overseas equities		276,975	4.1	285,566	3.7
In-house	Global high dividend	988,159	13.9	1,006,587	12.9
In-house	Global low volatility	1,097,057	17.7	1,249,276	16.1
In-house	Global multi factor value	934,708	15.0	993,535	12.8
Harris	Global equities	273,298	3.8	278,794	3.6
Nordea	Global equities	268,444	3.8	306,617	3.9
Baillie Gifford	Global equities	141,217	2.0	123,103	1.6
Total global equities		3,702,883	56.1	3,957,912	50.9
In-house	Currency hedge	11,885	0.2	1,925	-
Total currency overlay		11,885	0.2	1,925	-
Total listed equities		4,263,005	64.2	4,511,793	58.1
In-house	Private equity unquoted	90,403	1.3	76,159	1.0
In-house	Private equity quoted	67,490	0.9	78,382	1.0
Total private equity		157,893	3.2	154,541	2.0
Total equity		4,420,898	67.4	4,666,334	60.1
In-house	Index linked gilts	530,560	7.4	595,360	7.6
In-house	Mature employer gilts	54,571	0.8	116,095	1.5
Total inflation linked assets		585,131	7.4	711,455	9.1
In-house	Property	37,447	0.5	35,421	0.5
Standard Life	Property	495,917	7.0	516,767	6.6
Total property		533,364	7.5	552,188	7.1
In-house	Infrastructure unquoted	773,194	10.8	844,860	10.8
In-house	Infrastructure quoted	21,931	0.3	24,819	0.3
In-house	Timber	118,235	1.7	124,029	1.6
Total other real assets		913,360	12.8	993,708	12.7
Baillie Gifford	Corporate bonds	30,490	0.4	31,835	0.4
In-house	Private debt	143,245	2.0	204,996	2.6
In-house	Sovereign bonds	158,280	2.2	165,183	2.1
Total debt assets		332,015	4.7	402,014	5.1

Notes to the Financial Statements

17 Investment managers and mandates (cont)

		Market value at 31 March 2018 £000	% of total 31 March 2017 %	Market value at 31 March 2019 £000	% of total 31 March 2018 %
Manager	Mandate				
In-house	Cash	348,105	4.9	462,976	5.9
In-house	Transitions	1,614	0.0	84	0.0
Total cash and sundries		349,719	4.9	463,060	5.9
Net financial assets		7,134,487	100.0	7,788,759	100.0

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

18 Securities lending

During the year Lothian Pension Fund participated in a securities lending arrangement with the Northern Trust Company. As at 31 March 2019, £407.2m (2018 £271.7m) of securities were released to third parties. Collateral valued at 107.3% (2018 105.5%) of the market value of the securities on loan was held at that date.

19 Property holdings

	2017/18 £000	2018/19 £000
Opening balance	356,741	392,743
Additions	40,875	21,290
Disposals	(17,329)	-
Net change in market value	12,456	(2,055)
Closing balance	392,743	411,978

As at 31 March 2019, there were no restrictions on the realisability of the property or the remittance of income or sale proceeds. As at 31 March 2018 The Fund had approval in place for the planning, design and contractor procurement to potentially re-develop 100 St John Street, London. During the year this has progressed and the Fund is currently in the process of developing 100 St John Street, London. As at 31 March 2019 the Fund is contractually obliged to further construction costs of £4.8m

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

	2017/18 £000	2018/19 £000
Within one year	23,327	23,257
Between one and five years	66,574	58,867
Later than five years	101,160	92,633
	191,061	174,757

Notes to the Financial Statements

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 accounting records, hence there is no difference between the carrying value and fair value.

Classification of financial instruments - parent	31 March 2018			31 March 2019		
	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
Investment assets						
Bonds	736,477	-	-	855,430	-	-
Equities	4,287,464	-	-	4,559,841	-	-
Pooled investments	1,264,553	-	-	1,372,379	-	-
Property Leases	4,376	-	-	2,284	-	-
Derivative contracts	12,121	-	-	3,025	-	-
Margin balances	-	-	-	-	-	-
Cash	-	426,380	-	-	569,189	-
Other balances	-	20,110	-	-	18,828	-
	6,304,991	446,490	-	6,792,959	588,017	-
Other assets						
City of Edinburgh Council	-	3,083	-	-	884	-
Cash	-	48,833	-	-	35,897	-
Share Capital	-	60	-	-	60	-
Debtors - current	-	16,406	-	-	22,340	-
Debtors - non-current	-	1,525	-	-	3,330	-
	-	69,907	-	-	62,511	-
Assets total	6,304,991	516,397	-	6,792,959	650,528	-
Financial liabilities						
Investment liabilities						
Derivative contracts	(204)	-	-	(854)	-	-
Other investment balances	-	-	(5,158)	-	-	(1,058)
	(204)	-	(5,158)	(854)	-	(1,058)
Other liabilities						
Creditors	-	-	(29,482)	-	-	(30,799)
Liabilities total	(204)	-	(34,640)	(854)	-	(31,857)
Total net assets	6,304,787	516,397	(34,640)	6,792,105	650,528	(31,857)
Total net financial instruments			6,786,544			7,410,776
Amounts not classified as financial instruments			388,536			410,125
Total net assets - parent			7,175,080			7,820,901

Notes to the Financial Statements

20a Classification of financial instruments (cont)

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

	31 March 2018			31 March 2019		
	Designated as fair value through fund account	Loans and receivable s	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	-	93	-	-	341	-
Share Capital	-	(60)	-	-	(60)	-
Debtors - current	-	70	-	-	223	-
Debtors - non-current	-	292	-	-	393	-
	-	395	-	-	897	-
Assets total	-	395	-	-	897	-
Other liabilities						
Retire. benefit obligation	-	-	(1,715)	-	-	(2,309)
Creditors	-	-	(38)	-	-	(346)
Creditors - non current	-	-	-	-	-	(13)
Liabilities total	-	-	(1,753)	-	-	(2,668)
Total net assets	-	395	(1,753)	-	897	(2,668)
Total adjustments to net financial instruments			(1,358)			(1,771)
Total net assets - group			7,173,722			7,819,130

20b Net gains and losses on financial instruments

	2017/18 £000	2018/19 £000
Designated as fair value through fund account	(19,843)	489,399
Loans and receivables	(18,269)	16,390
Financial liabilities at amortised cost	-	-
Total	(38,112)	505,789
Gains and losses on directly held freehold property	12,573	(2,055)
Change in market value of investments per fund account	(25,539)	503,734

Notes to the Financial Statements

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.

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 2019			Total £000
	Level 1 £000	Level 2 £000	Level 3 £000	
Investment assets				
Designated as fair value through fund account	4,563,196	928,453	1,299,026	6,790,675
Non-financial assets at fair value through profit and loss	-	-	411,978	411,978
Total investment assets	4,563,196	928,453	1,711,004	7,202,653
Investment liabilities				
Designated as fair value through fund account	-	(854)	-	(854)
Total investment liabilities	-	(854)	-	(854)
Net investment assets	4,563,196	927,599	1,711,004	7,201,799

Notes to the Financial Statements

20c Fair Value Hierarchy

	31 March 2018			
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Investment assets				
Designated as fair value through fund account	4,372,429	736,477	1,197,953	6,306,859
Non-financial assets at fair value through profit and loss	-	-	386,500	386,500
Total investment assets	4,372,429	736,477	1,584,453	6,693,359
Investment liabilities				
Designated as fair value through fund account	-	(204)	-	(204)
Total investment liabilities	-	(204)	-	(204)
Net investment assets	4,372,429	736,273	1,584,453	6,693,155

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 C 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 Joint 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.

Notes to the Financial Statements

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

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. 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 KPMG investment advisers:

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	7.5%
Fixed Interest Gilts	6.7%
Index-Linked Gilts	11.2%
Infrastructure	12.0%
Property	13.0%
Cash	0.9%

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.

Notes to the Financial Statements

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

	Value at 31 March 2019 £m	% of fund %	Potential Change +/- %	Value on increase £m	Value on decrease £m
Equities - Developed Markets	4,253	54.6	20.5%	5,124.9	3,381.1
Equities - Emerging Markets	256	3.3	30.0%	332.8	179.2
Private Equity	155	2.0	30.0%	201.5	108.5
Timber and Gold	124	1.6	18.0%	146.3	101.7
Secured Loan	237	3.0	7.5%	254.8	219.2
Fixed Interest Gilts	165	2.1	6.7%	176.1	153.9
Index-Linked Gilts	711	9.1	11.2%	790.6	631.4
Infrastructure	870	11.2	12.0%	974.4	765.6
Property	552	7.1	13.0%	623.8	480.2
Cash and forward foreign exchange	466	6.0	0.9%	470.2	461.8
Total [1]	7,789	100.0	16.8%	9,095.3	6,482.7
Total [2]			13.2%	8,814.0	6,764.0
Total [3]			13.8%	8,863.1	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.

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.

Notes to the Financial Statements

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

Cash deposits

At 31 March 2019, cash deposits represented £605.1m, 7.74% of total net assets. This was held with the following institutions:

	Moody's Credit Rating at 31 March 2019	Balances at 31 March 2018 £000	Balances at 31 March 2019 £000
Held for investment purposes			
Northern Trust Global Investment Limited - liquidity funds	Aaa-mf	10,571	13,517
Northern Trust Company - cash deposits	Aa2	324,100	443,357
The City of Edinburgh Council - treasury management	See below	91,709	112,315
Total investment cash		426,380	569,189
Held for other purposes			
The City of Edinburgh Council - treasury management	See below	48,833	35,897
Total cash - parent		475,213	605,086
Cash held by LPFE/LPFI Limited			
Royal Bank of Scotland	A1	93	341
Total cash - group		475,306	605,427

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.

	Moody's Credit Rating at 31 March 2019	Balances at 31 March 2018 £000	Balances at 31 March 2019 £000
Money market funds			
Deutsche Bank AG, London	Aaa-mf	608	3,979
Goldman Sachs	Aaa-mf	1	58
Aberdeen Standard Sterling Liquidity Fund	Aaa-mf	20,830	21,746
Bank call accounts			
Bank of Scotland	Aa3	13,876	14,578
Royal Bank of Scotland	A1	511	573
Santander UK	Aa3	368	1
Barclays Bank	A1	11	13
Svenska Handelsbanken	Aa2	689	6
HSBC Bank PLC	Aa3	52	14
Notice accounts			
HSBC Bank PLC	Aa3	-	17,527
UK Pseudo-Sovereign risk instruments			
Other Local Authorities [1]	Aa1	103,596	89,717
		140,542	148,212

[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 2019 was 'Aa1').

Notes to the Financial Statements

21 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
- (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.

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 2019, the Fund was owed £2.2m 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.

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% (2018 77%)) 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.

Notes to the Financial Statements

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 £9,333m (2018 £8,254m). 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 2018 % p.a.	31 March 2019 % p.a.
Inflation / pensions increase rate	2.4	2.5
Salary increase rate	4.1	4.2
Discount rate	2.7	2.4

Longevity assumptions

The life expectancy assumption is based on Fund specific statistical analysis with improvements in line with the CMI 2016 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 2018		31 March 2019	
	Males	Females	Males	Females
Current pensioners	21.7 years	24.3 years	21.7 years	24.3 years
Future pensioners (assumed to be currently 45)	24.7 years	27.5 years	24.7 years	27.5 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.

24 Non-current Debtors

	LPF Parent 31 March 2018 £000	LPF Group 31 March 2018 £000	LPF Parent 31 March 2019 £000	LPF Group 31 March 2019 £000
	Contributions due - employers' cessation	1,525	1,525	3,330
	1,525	1,525	3,330	3,330

In accordance with the Funding Strategy Statement and in recognition of severe affordability constraints facing the charitable sector, "Funding Agreements" have been put in place to allow certain former employers to repay cessation valuation debt over longer terms (up to twenty years), to avoid potential default or insolvency.

The above debtors all relate to community admission bodies.

Notes to the Financial Statements

25 Debtors

	LPF Parent 31 March 2018* £000	LPF Group 31 March 2018* £000	LPF Parent 31 March 2019 £000	LPF Group 31 March 2019 £000
Contributions due - employers	12,250	12,250	16,827	16,827
Contributions due - members	3,690	3,690	4,691	4,691
Benefits paid in advance or recoverable	33	33	6	6
Sundry debtors	97	168	503	717
Prepayments	325	335	314	322
LPFE & LPFI Limited Loan facility - see note 28	11	-	-	-
	16,406	16,476	22,341	22,563

26 Creditors

	LPF Parent 31 March 2018* £000	LPF Group 31 March 2018* £000	LPF Parent 31 March 2019 £000	LPF Group 31 March 2019 £000
Benefits payable	6,914	6,914	8,886	8,886
VAT, PAYE and State Scheme premiums	1,432	1,571	1,354	1,738
Contributions in advance	18,290	18,290	17,785	17,785
Miscellaneous creditors and accrued expenses	1,982	2,167	2,332	2,488
Office - operating lease	243	243	220	220
Corporation tax	-	-	-	28
Intra group creditor - see note 28	287	-	222	-
	29,148	29,185	30,799	31,145

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	2017/18* £000	2018/19 £000
Standard Life	312	312
Prudential	2,059	2,225
	2,371	2,537

Total value at year end for Lothian Pension Fund	31 March 2018* £000	31 March 2019 £000
Standard Life	4,850	4,685
Prudential	6,634	7,676
	11,484	12,361

Notes to the Financial Statements

28 Related parties

The City of Edinburgh Council

The Lothian 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.

LPFE, which is a wholly owned subsidiary of the Council, is responsible for providing the staffing resource to administer the pension funds. The Fund has a service level agreement in place with the Council for certain support services. Costs directly attributable to a specific Fund are charged to the relevant Fund, costs that are common to the two 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 2018*	31 March 2019
	£000	£000
Year end balance of holding account	3,083	884
	3,083	884

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 2019, the fund had an average investment balance of £139.1m (2017/18 £119.9m). Interest earned was £977.1k (2017/18 £453.6k).

Year end balance on treasury management account	31 March 2018*	31 March 2019
	£000	£000
Held for investment purposes	91,709	112,315
Held for other purposes	48,833	35,897
	140,542	148,212

Scheme employers

All scheme employers to the fund are (by definition) related parties, a full list of employers can be found on page 84. The employer contributions for the ten largest scheme employers are as follows -

	31 March 2018*	31 March 2019
	£000	£000
City of Edinburgh Council	50,041	59,694
West Lothian Council	22,895	25,841
Scottish Water	9,526	15,975
East Lothian Council	13,812	14,746
Midlothian Council	13,148	14,041
Lothian Buses	7,581	7,002
Edinburgh Napier University	4,938	5,199
Heriot-Watt University	3,324	3,026
Scottish Police Authority	2,945	3,016
Edinburgh College	2,289	2,676

Notes to the Financial Statements

28 Related parties (cont)

Governance

As at 31 March 2019, all members of the Pensions Committee, with the exception of Richard Lamont, and all members of the Pension Board, were members of the Lothian Pension Fund. One member of both the Pensions Committee and the Pension Board are 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.

During the period from 1 April 2018 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. Total compensation paid in relation to key management personnel employed by LPFE Limited during the period was as follows:

	31 March 2018 £000	31 March 2019 £000
Short-term employee benefits	415	647
Post-employment benefits - employer pension contributions	85	111

Key management personnel employed by LPFE had accrued pensions totalling £120,245 (1 April 2018: £97,456) and lump sums totalling £132,375 (1 April 2018: £110,889) at the end of the period. Further details on senior management remuneration can be found within the remuneration report on page 134.

Remuneration of key management personnel employed by City of Edinburgh Council is disclosed separately in the Financial Statements of City of Edinburgh Council.

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 £1,434 of which £787 was due at the year end and for LPFI Limited there was no interest payable for the year. At 31 March 2019, there was zero balance on the loan facilities for both LPFE Limited and LPFI 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 2019, the Fund was invoiced £3,614k (2018 £1,450k) for the services of LPFE Limited staff.

Notes to the Financial Statements

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

	LPF Group 2017/18 £000	LPF Group 2018/19 £000
Movement in deferred tax asset (Non-current asset)		
At 1 April 2018	117	292
Credit for year to Fund Account	175	101
At 31 March 2019	292	393

	LPF Group 31 March 2018 £000	LPF Group 31 March 2019 £000
Elements of closing deferred tax asset		
Pension liability	292	393
	292	393

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

	31 March 2018 £	31 March 2019 £
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	60,000	60,000
	60,001	60,001

*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 employees of LPFE. 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 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 and past service cost were measured using the Projected Unit Credit Method.

Fund assets

LPFE'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, was comprised as follows:

Notes to the Financial Statements

30 Retirement benefits obligation - group (cont)

Asset		Fair value at 31	% of total	Fair value at 31	% of total
		March 2018	31 March	March 2019	31 March
		£000	%	£000	%
Equity securities:	Consumer	1,185	14.0	1,094	14.0
	Manufacturing	1,288	15.0	1,265	15.0
	Energy and utilities	541	6.0	777	6.0
	Financial institutions	769	9.0	865	9.0
	Health and care	424	5.0	559	5.0
	Information technology	528	6.0	335	6.0
	Other	543	6.0	1,003	6.0
Debt securities:	Corporate Bonds	169	2.0	-	2.0
	UK Government	839	10.0	1,045	10.0
	Other	-	0.0	-	0.0
Private equity:	All	158	2.0	139	2.0
Real property	UK property	556	6.0	697	6.0
	Overseas property	9	0.0	-	0.0
Investment funds and unit trusts:	Equities	83	1.0	102	1.0
	Commodities	-	0.0	-	0.0
	Bonds	-	0.0	261	0.0
	Infrastructure	1,025	12.0	1,277	12.0
	Other	20	0.0	-	0.0
Derivatives:	Foreign Exchange	4	0.0	3	0.0
Cash and cash equivalents:	All	511	6.0	863	6.0
		8,652	100.0	10,285	100.0

Amounts recognised in the Net Assets Statement

	LPF	LPF
	Group	Group
	31 March	31 March
	2018	2019
	£000	£000
Fair value of Fund assets	8,652	10,285
Present value of Fund liabilities	(10,367)	(12,594)
	(1,715)	(2,309)

Notes to the Financial Statements

30 Retirement benefits obligation - group (cont)

Movement in the defined benefit obligation during the period

	LPF Group 2017/18 £000	LPF Group 2018/19 £000
Brought forward	3,513	10,367
Current service cost	336	843
Interest cost on obligation	131	294
Fund participants contributions	7,175	186
Benefits paid	-	-
Actuarial losses arising from changes in financial assumptions	(788)	904
Actuarial losses arising from changes in demographic assumptions	-	-
Other actuarial losses	-	-
Balance at year end	10,367	12,594

Movement in the fair value of Fund assets during the period

	LPF Group 2017/18 £000	LPF Group 2018/19 £000
Brought forward	2,828	8,652
Benefits paid		
Interest income on Fund assets	104	244
Contributions by employer	204	567
Contributions by member	91	194
Contributions in respect of unfunded benefits	-	-
Unfunded benefits paid	(4)	(8)
Effect of business combinations and disposals	5,711	-
Return on assets excluding amounts included in net interest	(282)	636
Balance at year end	8,652	10,285

Amounts recognised in the Fund Account

	LPF Group 2017/18 £000	LPF Group 2018/19 £000
Interest received on Fund assets	(104)	(244)
Interest cost on Fund liabilities	131	294
Current service costs	336	843
Effect of business combinations and disposals	1,377	-
Employer contributions	(204)	(567)
Actuarial gain due to re-measurement of defined benefit obligation	(788)	904
Return on Fund assets (excluding interest above)	282	(636)
Net cost recognised in Fund account	1,030	594

Notes to the Financial Statements

30 Retirement benefits obligation - group (cont)

Principal actuarial assumptions used in this valuation	31 March 2018	31 March 2019
	% p.a.	% p.a.
Inflation / pensions increase rate	2.3	2.4
Salary increase rate	4.0	4.1
Discount rate	2.7	2.5

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 2018		31 March 2019	
	Males	Females	Males	Females
Current pensioners	22.1 years	23.7 years	21.7 years	24.3 years
Future pensioners	24.2 years	26.3 years	24.7 years	27.5 years

Expected employer contributions to the defined benefit plan for the year ended 31 March 2020 are £643,000, based on a pensionable payroll cost of £2,374,000.

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 2018*	31 March 2019
	£000	£000
Outstanding investment commitments	213,774	325,361
	213,774	325,361

Notes to the Financial Statements

31 Contractual commitments (cont)

Office accommodation - 144 Morrison Street, Edinburgh

The Fund is committed to making the following future payments.

	31 March 2018 £000	31 March 2019 £000
Within one year	115	115
Between one and five years	345	345
After five years	762	647
	1,222	1,107
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 £85.1k.

32 Contingent assets and liabilities

Contribution refunds

At 31st March 2019, Lothian Pension Fund had £909k (2018: £894k) in unclaimed refunds due to members.

Employer Cessations

a) Funding Agreements

As stated in note 24, "In accordance with the Funding Strategy Statement and in recognition of severe affordability constraints facing the charitable sector, "Funding Agreements" have been put in place with certain former employers to repay cessation valuation debt".... In exceptional circumstances, this includes "repayment of less than the cessation debt in order to avoid employer insolvency, with an appropriate agreement which allows the Fund to revisit the repayment of the remaining debt at a future date (i.e. the debt would be a contingent liability and hence not recognised on an employer's balance sheet); and seeking, where appropriate, suitable "anti-embarrassment" provisions in legal agreement covering future increase in employer asset values". At 31 March 2019, such contingent assets of the Fund totalled £1,635k.

b) Homeless Action Scotland

On 24 January 2019, the Chief Finance Officer, Lothian Pension Fund, made a request for direction by Scottish Ministers that the assets and liabilities of Homeless Action Scotland (HAS) should be transferred from Lothian Pension Fund (LPF) to the Scottish Homes Pension Fund. HAS became an "Admitted Body" of Lothian Pension Fund when its predecessor (The Scottish Council for Single Homeless) was admitted in 1978, pursuant to Regulation B4(4) of the Local Government Superannuation (Scotland) Regulations 1974, being 'a body to whom a grant is made out of moneys provided by Parliament'. Since 1978, HAS accrued pension liabilities for the ongoing pension entitlements of the HAS employees admitted to membership of LPF. Following confirmation by HAS that it would be unable to meet the minimum contribution rate assessed at the actuarial valuation of 31 March 2017 (certified by LPF's actuary), LPF terminated HAS's admission to LPF with effect from 12 July 2018 in accordance with LPF's Funding Strategy Statement. Upon HAS becoming an exiting employer, LPF's actuary was instructed to calculate the liabilities that remained with LPF on cessation and the final contribution due from HAS, as required under Regulation 62(2) of the 2018 Regulations. The Actuary's cessation valuation is £641,000.

A response to the request for such direction is awaited from Scottish Ministers.

Notes to the Financial Statements

32 Contingent assets and liabilities (cont)

EU Tax claims & income recovery

The Fund participates in various claims to recover withheld investment income. EU tax claims relate to the recovery of tax deducted from dividend payments prior to receipt or payable tax credits thereon. The claims can be divided into three main types – “Manninen” / Foreign Income Dividends (Fids), “Fokus Bank” and Manufactured Dividends. Given the high level of uncertainty as to the eventual success of such claims from EU tax authorities, no accrual of income is made in the financial statements. The value of these outstanding claims is approximately £11.4m. To date, the amount of tax recovered exceeds the cost of pursuing claims. Legal costs are shared across a pool of claimants and the Fund has the right to cease participation without incurring further costs. An annual progress report is provided to Pensions Audit Sub-Committee.

Variable pay arrangements

During the year, the company introduced three variable pay schemes, two of which have vesting periods. The Portfolio Manager and Senior Management schemes entitle staff to receive an assessed percentage of their salary as an additional variable pay award if they meet certain objectives during the year. The assessment year runs from 1 February 2018 to 31 January 2019. The award then vests over three years. The first part is payable at the end of the first year if the objectives are met and the remaining two parts are payable in the following two years if the requirement that the employee is still employed by the company at such time is met. Payment one has been made in January 2019. A liability has been raised at 31 March 2019 for the 2 months of service which the employees have delivered with regards to the second and third payments in the scheme.

In the event that all the staff involved in the arrangements at 31 January 2019 remain in the company's employment there is a contingent liability of £319,900 in excess of the current and non-current liabilities, as recognised in these financial statements in accordance with IAS19. This amount would be payable over two years.

Guaranteed Minimum Pension (GMP) – Reconciliation to HMRC records

GMP is the minimum pension which a United Kingdom occupational pension scheme must provide for those employees who were contracted out of the State Earnings-Related Pension Scheme (SERPS) between 6 April 1978 and 5 April 1997.

The UK Government mandated a reconciliation of Guaranteed Minimum Pension details held on scheme pension administration records to those held by HMRC, this to be completed by a revised date of 31 March 2019. Whilst this reconciliation of GMP mismatches has been completed by the Fund, work is ongoing to calculate “lump sum” arrears of any pension underpayments arising, together with the correct pension now being put into payment. It is not anticipated, however, that such arrears should represent a material sum.

On 8 February 2018, SPPA published “Circular No.1/2018”, the purpose of which was to “Confirm how GMP related overpayments which arise from the current reconciliation exercise should be managed going forward...” This stated that “Scottish Minister have decided that as in 2008/2009 any LGPS pension in payment affected by the exercise should not be reduced going forward. Instead the identified GMP related overpayment should be converted as before into an Increased Pension Entitlement (IPE) allowing the pension to continue at its existing level.”

Guaranteed Minimum Pension (GMP)

Following The High Court ruling from 26 October 2016, all defined benefit pension schemes must equalise Guaranteed Minimum Pension (GMP) for men and women. There is insufficient basis to estimate reliably the amount to be recognised in the past service cost until actuaries complete their assessment of the impact and reflect it fully in the pension reports. The Funds actuary, Hymans Robertson LLP has advised that following discussions with the National Audit Office and other LGPS actuaries, the general expectation is that a ‘trigger event’ is yet to occur in the LGPS and their default approach is to ignore any GMP impact in the 31 March 2019 accounts.

Notes to the Financial Statements

32 Contingent assets and liabilities (cont)

Local Government Pension Scheme (Scotland) cost management update from Scottish Public Pensions Agency (SPPA)

In February 2019, the SPPA provided the Local Government Association (LGA) Secretariat with the following update for Scottish administering authorities:

As you are aware, the Public Service Pensions Act 2013 requires all public service pension schemes to undergo regular valuations, in addition to the regular fund valuations undertaken by LGPS fund actuaries. At the October meeting of the LGPSAB (Scheme Advisory Board) (Scotland), Government Actuary's Department (GAD) presented demographic assumptions which have been agreed. The UK Government and Scottish Ministers chose to allow certain exceptions which were designed to protect those closest to retirement from the impact of those reforms. As you will be aware, the Court of Appeal handed down judgment in the cases of McCloud and Sargeant on 20 December 2018: these age-related transitional arrangements were held to be discriminatory. It is anticipated that other public service pension schemes across the UK may be affected by this decision, including LGPS Scotland, notwithstanding that the nature of the comparable transitional arrangements implemented for local government pension schemes [statutory underpin] was slightly different from those adopted for the unfunded schemes. The judgment therefore has implications for post-reform members' benefits, and the UK Government is seeking permission to appeal to the Supreme Court. Meantime, the substantial impact of the judgment is such that it is impossible to assess with certainty the value of current public service pension arrangements.

On 30 January 2019 HM Treasury therefore announced in a Written Ministerial Statement that the UK Government intends to pause the 'cost cap' mechanism under the current round of scheme valuations, pending the final outcome of the appeal. As noted in the Ministerial Statement, if the UK Government is successful in its appeal, the cost cap process will resume. If unsuccessful, steps will need to be taken to compensate members who have been unfairly disadvantaged in the post reform schemes. Accordingly, the nature, and the timescale for implementation, of changes to the provisions of LGPS Scotland flowing from the actuarial valuation of the scheme for cost cap purposes being undertaken by the Government Actuary's Department (GAD) is not currently clear. We understand that changes which were scheduled to come into force this April in the England & Wales LGPS have been put on hold. We are liaising closely with HM Treasury and MHCLG on this matter. Meanwhile, GAD is progressing its valuation calculations only to the extent necessary at this stage, pending greater clarity on the legal position and the UK Government's consequent policy intent".

33 Impairment losses

During the year the Fund recognised an increase in impairment losses in respect of specific benefit over payments for which reimbursement has been requested of £15k. This increased the impairment to £42.7k at the year end.

Lothian Pension Fund

Actuarial Statement for 2018/19

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 (FSS), dated March 2018. In summary, the key funding principles are as follows:

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

The FSS sets out how the Administering Authority seeks to achieve these objectives.

Funding Position as at the last formal funding valuation

The most recent actuarial valuation carried out under Regulation 60 of the Local Government Pension Scheme (Scotland) Regulations 2014 was as at 31 March 2017. This valuation revealed that the Fund's assets, which at 31 March 2017 were valued at £6,598 million, were sufficient to meet 98% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting deficit at the 2017 valuation was £145 million. For the avoidance of doubt, these results are based on the assumptions that apply to the Fund's Primary investment strategy.

Each employer had contribution requirements set at the valuation with the aim of achieving full funding within a given time horizon. Contribution rates were set using one of two approaches depending on each employer's circumstances:

- Certain low risk and open employers participate in a contribution stability mechanism which limits annual changes in contribution rates. The mechanism is tested at each valuation to make sure it achieves the desired funding objectives.
- Other employers pay the contributions required to cover the cost of future service benefits and to recover the deficit/surplus identified as at 31 March 2017 over a given time period.

Individual employers' contributions for the period 1 April 2018 to 31 March 2021 were set in accordance with the Fund's funding policy as set out in its FSS, which includes further detail on the approaches mentioned above.

Principal Actuarial Assumptions and Method used to value the liabilities

Full details of the methods and assumptions used are described in the 2017 valuation report.

Lothian Pension Fund

Actuarial Statement for 2018/19

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 and inflation to retirement or expected earlier date of leaving pensionable membership.

Assumptions

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

The key financial assumptions adopted under the Primary investment strategy for the 2017 valuation were as follows:

Financial assumptions	31 March 2017 % p.a.
Discount rate	3.2%
Salary increase assumption	4.1%
Benefit increase assumption (CPI)	2.4%

The key demographic assumption was the allowance made for longevity. The life expectancy assumption was based on the Fund's Vita Curves alongside future improvements based on the CMI 2016 model with an allowance for smoothing of recent mortality experience and a long term rate of improvement of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	21.7 years	24.3 years
Future Pensioners *	24.7 years	27.5 years

*Aged 45 as at 31 March 2017

Copies of the 2017 valuation report and Funding Strategy Statement are available on request from the Administering Authority to the Fund.

Experience over the period since 31 March 2017

Asset returns under the Primary investment strategy over the period have been higher than the valuation discount rate but real bond yields have fallen slightly since 31 March 2017. Combining the impact of these may mean that the overall funding level at 31 March 2019 is broadly similar to the last valuation.

The next actuarial valuation will be carried out as at 31 March 2020. 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

26 April 2019

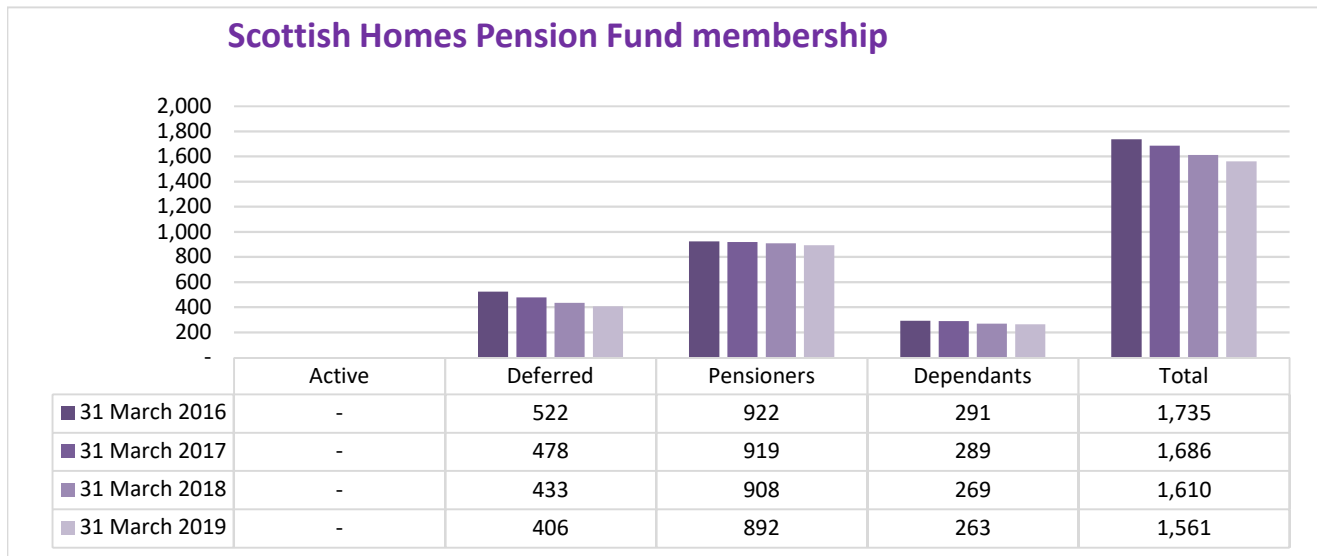
List of active employers at 31 March 2019

Scheduled Bodies	
City of Edinburgh Council (The)	Scottish Fire and Rescue Service
East Lothian Council	Scottish Police Authority
Edinburgh College	Scottish Water
Heriot-Watt University	SESTRAN
Lothian Buses	Visit Scotland
Lothian Valuation Joint Board	West Lothian College
Midlothian Council	West Lothian Council
Scotland's Rural College (SRUC)	

Admitted Bodies	
Amey Services	Improvement Service (The)
Audit Scotland	Into Work
Barony Housing Association Ltd	ISS UK Ltd
Baxter Storey	LPFE Ltd
Bellrock Property and Facilities Management	Melville Housing Association
Canongate Youth Project	Mitie (Edinburgh College)
Capital City Partnership	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 Services Ltd
Convention of Scottish Local Authorities	Penumbra
Cyrenians	Pilton Equalities Project
Dacoll Limited	Queen Margaret University
Edinburgh Business School	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
ELCAP	Scottish Legal Complaints Commission
Enjoy East Lothian	Scottish Schools Education Research Centre (SSERC)
Family Advice and Information Resource	Skanska UK
Family and Community Development West Lothian	Sodexo Ltd
First Step	St Andrew's Children's Society Limited
Forth and Oban Ltd	St Columba's Hospice
Four Square (Scotland)	Stepping Out Project
Freespace Housing Association	Waverley Care
Granton Information Centre	University of Edinburgh (Edinburgh College of Art)
Handicabs (Lothian) Ltd	Weslo Housing Management
Hanover (Scotland) Housing Association	West Granton Community Trust
Health in Mind	West Lothian Leisure
Homes for Life Housing Partnership	Young Scot Enterprise
HWU Students Association	Youthlink Scotland

There are currently 13 ceased employers not included in the above list that are currently or in the process of setting up funding agreements to repay cessation debt over a number of years.

Scottish Homes Pension Fund



Investment strategy

The Fund's actuary estimated that the funding level of the Scottish Homes Pension Fund was 104.7% at 31 March 2017.

Achievement of full funding meant that the Fund no longer needed to take investment risk by investing in equities and property. Instead, the Fund was able to minimise risk by investing solely in bonds, specifically UK gilts. These financial instruments move proportionately with liability values.

After a year of significant change, the year to 31 March 2019 brought no change to the strategy allocation of 100% bonds and this should not change until at least the results of the next actuarial valuation (March 2020) are known. At that point in time, the actuary will amend financial and demographic estimates based on actual experience over the prior three years.

The strategic and actual asset allocations for the Fund at the end of the 2018 and 2019 financial years are shown in the table below.

	Strategic Allocation 31 March 2018 %	Actual Allocation 31 March 2018 %	Strategic Allocation 31 March 2019 %	Actual Allocation 31 March 2019 %
Equities	-	-	-	-
Bonds	100.0	91.9	100.0	97.8
Property	-	2.7	-	-
Cash	-	5.4	-	2.2
Total	100.0	100.0	100.0	100.0

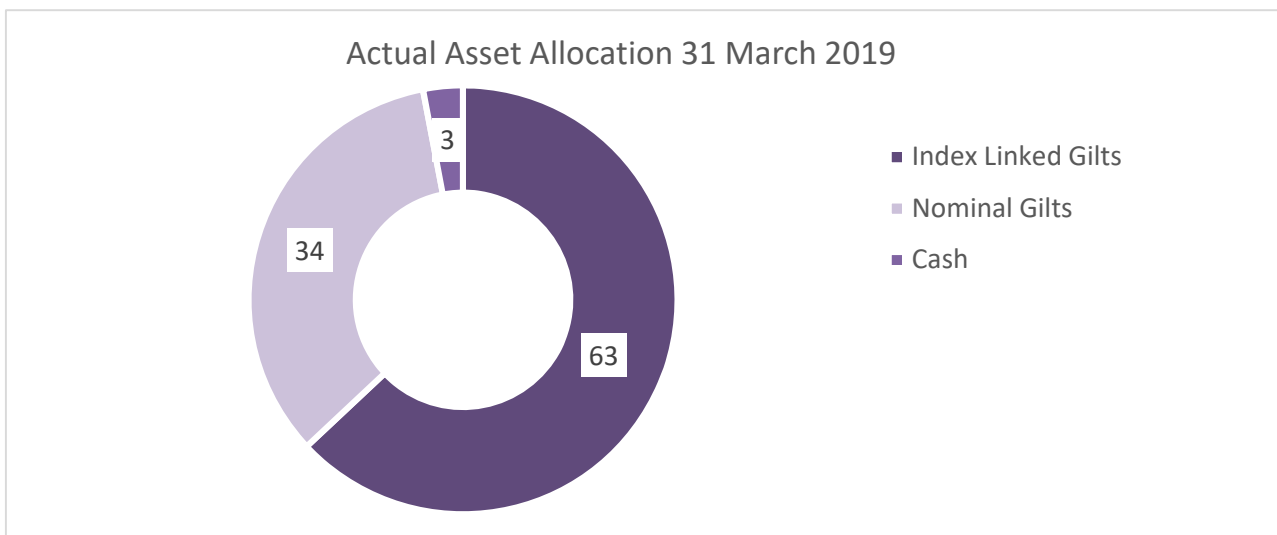
Shortly after the end of March 2018, the final sale of property assets was completed, leaving the Fund entirely invested in index-linked gilts and cash. The index linked gilts were structured to broadly match the expected liability payments as they fall due.

Given that the Fund had achieved full funding, the Pensions Committee approved a new investment objective in June 2018:

"to match the cash flow from gilt income and redemption payments as closely as possible with the expected liability payments of the fund"

Detailed analysis of the Scottish Homes liabilities was undertaken during 2018/19 to ensure that the invested assets are as closely matched with the liability profile as possible, taking into consideration the expected duration of liabilities and whether they are fixed or index-linked in nature.

This resulted in a portion of index-linked gilts being sold and reinvested in nominal gilts to achieve a closer asset-liability match. At 31 March 2019, the Fund is 'cash flow matched' up to one year beyond the next actuarial valuation expected at 31 March 2020, and 'duration matched' liabilities beyond that. This is because there is greater certainty in the earlier period - funding levels will continue to be subject to the actuary's financial or demographic assumptions of future experience, which will be reassessed during 2020/21.



Investment movements

As the Scottish Homes Pension Fund is mature, it must sell assets to pay pensions. Cash or cash equivalents are held to enable pensions to be paid in between the dates when gilts redeem.

The Fund's assets have increased in value by 4.6% over the year, adjusted for cash flow movements to pay pensions, while a proxy for the value of liabilities increased by 4.4%, which suggests that the asset-liability match is quite effective.

Scottish Homes Pension Fund

Fund Account for year ended 31 March 2019

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 from investment dealings and as well as the cost of providing benefits and administration of the Fund.

Restated 2017/18 £000		Note	2018/19 £000
	Income		
575	Contributions from the Scottish Government	4	-
-	Transfers from other schemes		-
575			-
	Less: expenditure		
6,666	Pension payments including increases		6,572
767	Lump sum retirement payments		591
4	Lump sum death benefits		5
47	Transfers to other schemes	5	129
(31)	Administrative expenses	6b	(19)
7,453			7,278
(6,878)	Net withdrawals from dealing with members		(7,278)
	Returns on investments		
2,474	Investment income	7	1,824
(1,615)	Change in market value of investments	8, 11b	5,767
(165)	Investment management expenses	6c	(84)
694	Net returns on investments		7,507
(6,184)	Net increase/(decrease) in the Fund during the year		229
170,644	Net assets of the Fund at 1 April 2018		164,460
164,460	Net assets of the Fund at 31 March 2019	11	164,689

Scottish Homes Pension Fund

Net Assets Statement as at 31 March 2019

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

31 March 2018 £000	Note	31 March 2019 £000
Investment Assets		
148,064	Bonds - UK	158,743
9,094	Cash Deposits	3,650
4,904	Other investment assets	618
162,062		163,011
Investment Liabilities		
-	Other investment liabilities	-
-		-
162,062	Net investment assets	163,011
Current assets		
194	The City of Edinburgh Council	10
2,240	Cash balances	1,741
12	Debtors	1
2,446		1,752
Current liabilities		
(48)	Creditors	(74)
(48)		(74)
2,398	Net current assets	1,678
164,460	Net assets of the Fund at 31 March 2019	164,689

JOHN BURNS FCMA CGMA, PgC
Chief Finance Officer, Lothian Pension Fund

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 105.

2 Prior Year Adjustment

During the year, the Fund has changed its accounting policy in respect to the recognition of income received by the Fund from Scottish Government in relation to the administration of the Fund.

Previously this income was recognised within the employer contributions received by the Fund in relation to deficit funding. As the Scottish Homes Pension Fund now has a funding surplus no deficit funding is required and the Fund has reviewed its previous treatment. The administration charge is no longer recognised in employer contribution and is now recognised as income against the administrative expenses of the Fund.

	2017/18 Audited £000	Adjustment £000	2017/18 Restated £000
Contributions from the Scottish Government	675	(100)	575
Administrative expenses	(69)	100	31

3 Events after the Reporting Date

There have been no events since 31 March 2019, and up to the date when these Financial Statements were authorised, that require any adjustments to these Financial Statements.

4 Contributions from the Scottish Government

The Scottish Homes Pension Fund (SHPF) is a single employer pension fund for former employees of Scottish Homes (subsequently Communities Scotland) (and persons who were employed by the Scottish Special Housing Association, but who did not become employees of Scottish Homes). The City of Edinburgh Council was selected by the Scottish Executive to be the administering authority of a fund created prior to the wind up of the Scottish Homes Residuary Body and therefore became the administering authority of SHPF on 1 July 2005, pursuant to section 2(a)(1A) of The Local Government Pension Scheme (Scotland) Amendment (No. 2) Regulations 2005 (SSI 315/2005) (the 2005 Regs).

SHPF is a mature, non-active fund (that is, the fund has no contributions paid into it by active members but consists only of deferred and pensioner members and therefore only pays money out to the pensioners).

Section 2 (1C) of the 2005 Regs stipulates that:

Where the actuary determines, after having regard to the existing and prospective liabilities of the fund, that additional funding is necessary to maintain the solvency of the fund (SHPF), then Scottish Ministers will make payments to the administering authority to maintain that solvency.

In this way, the Scottish Government acts as the 'Guarantor' for SHPF's liabilities, as confirmed in the Funding agreement, signed on behalf of the Scottish Executive and dated 6 July 2005.

As at the latest triennial actuarial valuation date of 31 March 2017, SHPF showed a funding surplus of £7.7million with a funding level of 104.7%, derived from a market valuation of assets of £170.6million and liabilities of £162.9million.

Notes to the Financial Statements

4 Contributions from the Scottish Government (cont)

Having implemented the investment strategy as required by the Funding Agreement, the assets of SHPF are invested entirely in low risk, index-linked gilts. With a funding surplus, the Scottish Government is not required to provide any contribution, but as Guarantor has the responsibility to pay towards the administration expenses of the Fund estimated to be £70,000 per annum (for years 2018 to 31 March 2021).

In addition the Guarantor is responsible for meeting the cost of investment expenses. Given the Fund's surplus the Fund are comfortable that investment expenses can be met directly by the Fund until the next triannual valuation.

5 Transfers out to other pension schemes

	2017/18 £000	2018/19 £000
Group transfers	-	-
Individual transfers	47	129
	47	129

6a Total Management expenses

	Restated 2017/18 £000	2018/19 £000
Administrative costs	(31)	15
Investment management expenses	107	19
Oversight and governance costs	58	31
	134	65

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 6b and c and splits out the costs to include a third heading covering oversight and governance expenditure.

6b Administrative expenses

	Restated 2017/18 £000	2018/19 £000
Employee costs	24	28
System costs	8	8
Actuarial fees	30	8
External audit fees	1	1
Printing and postage	2	2
Depreciation	1	1
Office costs	2	2
Sundry costs less sundry income	1	1
	69	51
Administration fee received	(100)	(70)
	(31)	(19)

LPFE, which is a wholly owned subsidiary of the Council, is responsible for providing the staffing resource to administer the pension funds. The Fund has a service level agreement in place with the Council for certain support services. Costs directly attributable to a specific Fund are charged to the relevant Fund, costs that are common to the two Funds are allocated on a defined basis.

Notes to the Financial Statements

6c Investment management expenses	2017/18 £000	2018/19 £000
External management fees - deducted from capital (direct)	54	-
Transaction costs	30	2
Employee costs	31	44
Custody fees	7	6
Engagement and voting fees	2	2
Performance measurement fees	10	3
Consultancy fees	16	3
System costs	7	9
Legal fees	1	2
Office costs	2	2
Sundry costs less sundry income	5	11
	165	84

The Fund has not incurred any performance-related investment management fees in 2018/19 or 2017/18.

7 Investment income	2017/18 £000	2018/19 £000
Income from fixed interest securities	1,449	1,749
Dividends from equities	799	-
Income from pooled investments - property	270	-
Interest on cash deposits and sundries	29	75
	2,547	1,824
Irrecoverable withholding tax	(73)	-
	2,474	1,824

8 Reconciliation of movement in investments	Market value at 31 March 2018 £000	Purchases at cost £000	Sales & proceeds £000	Change in market value £000	Market value at 31 March 2019 £000
Bonds	148,064	54,948	(50,036)	5,767	158,743
Equities	-	-	-	-	-
Pooled investment vehicles	-	-	-	-	-
	148,064	54,948	(50,036)	5,767	158,743
Other financial assets / (liabilities)					
Cash deposits*	9,094			-	3,650
Investment income due/amounts payable*	4,904			-	618
	13,998			-	4,268
Net financial assets	162,062			5,767	163,011

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

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

Notes to the Financial Statements

8 Reconciliation of movement in investments (cont)

	Market value at 31 March 2017 £000	Purchases at cost £000	Sales & proceeds £000	Change in market value £000	Market value at 31 March 2018 £000
Bonds	127,970	33,345	(11,838)	(1,413)	148,064
Equities	28,221	932	(28,451)	(702)	-
Pooled investment vehicles	7,998	-	(8,621)	623	-
	164,189	34,277	(48,910)	(1,492)	148,064
Other financial assets / (liabilities)					
Cash deposits*	3,602			(123)	9,094
Investment income due/amounts payable*	459			-	4,904
	4,061			(123)	13,998
Net financial assets	168,250			(1,615)	162,062

* Per CIPFA disclosure guidance the change in market value intentionally does not balance opening/closing market values

9 Investment managers and mandates

Manager	Mandate	Market value at 31 March 2018 £000	% of total 31 March 2018 %	Market value at 31 March 2019 £000	% of total 31 March 2019 %
In-house	High Div Equity	87	0.1	31	0.0
Total global equities		87	0.1	31	0.0
In-house	UK Index linked gilts	148,858	91.9	159,330	97.8
Total fixed interest and inflation linked bonds		148,858	91.9	159,330	97.8
Schroders	Property	4,363	2.7	-	-
Total property		4,363	2.7	-	-
In-house	Cash	8,754	5.4	3,650	2.2
Total cash		8,754	5.4	3,650	2.2
Net financial assets		162,062	100.0	163,011	100.0

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

	Market value at 31 March 2018 £000	% of total 31 March 2018 %	Market value at 31 March 2019 £000	% of total 31 March 2019 %
UK Gov 2.5% Index Linked 16/04/20	12,309	7.5	11,619	7.1
UK Gov 4.25% 07/06/32	-	-	9,366	5.7
UK Gov 4.125% Index Linked 22/07/30	-	-	9,124	5.5
UK Gov 2.5% Index Linked 17/07/24	12,431	7.6	9,053	5.5
UK Gov 1.25% Index Linked 22/11/27	11,149	6.8	8,914	5.4
UK Gov 1.875% Index Linked 22/11/22	12,530	7.6	8,240	5.0
UK Gov 4.125% Index Linked 22/11/17	21,410	13.0	-	-
UK Gov 1.125% Index Linked 22/11/37	12,465	7.6	-	-

Notes to the Financial Statements

11 Financial Instruments

11a 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 2018			31 March 2019		
	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	148,064	-	-	158,743	-	-
Equities	-	-	-	-	-	-
Pooled investments	-	-	-	-	-	-
Cash	-	9,094	-	-	3,650	-
Other balances	-	4,904	-	-	618	-
	148,064	13,998	-	158,743	4,268	-
Other assets						
City of Edinburgh Council	-	194	-	-	10	-
Cash	-	2,240	-	-	1,741	-
Debtors	-	12	-	-	1	-
	-	2,446	-	-	1,752	-
Assets total	148,064	16,444	-	158,743	6,020	-
Financial liabilities						
Other liabilities						
Creditors	-	-	(48)	-	-	(74)
Liabilities total	-	-	(48)	-	-	(74)
Total net assets	148,064	16,444	(48)	158,743	6,020	(74)
Total net financial instruments			164,460			164,689

11b Net gains and losses on financial instruments

	2017/18 £000	2018/19 £000
Designated as fair value through fund account	(1,492)	5,767
Loans and receivables	(123)	-
Financial liabilities at amortised cost	-	-
Total	(1,615)	5,767

Notes to the Financial Statements

11c 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 2019			Total £000
	Level 1 £000	Level 2 £000	Level 3 £000	
Investment assets				
Designated as fair value through fund account	-	158,743	-	158,743
Total investment assets	-	158,743	-	158,743
Investment liabilities				
Designated as fair value through fund account	-	-	-	-
Total investment liabilities	-	-	-	-
Net investment assets	-	158,743	-	158,743

Notes to the Financial Statements

11c Valuation of financial instruments carried at fair value (cont)

	31 March 2018			Total £000
	Level 1 £000	Level 2 £000	Level 3 £000	
Investment assets				
Designated as fair value through fund account	-	148,064	-	148,064
Total financial assets	-	148,064	-	148,064
Investment liabilities				
Designated as fair value through fund account	-	-	-	-
Total financial liabilities	-	-	-	-
Net investment assets	-	148,064	-	148,064

12 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. As directed by Scottish Government, after 31 March 2017 triennial valuation showed a funding level of 104.7%, the assets of the Fund were invested entirely in low risk gilts. 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 market risk of Scottish Homes Pension Fund has to some extent been mitigated. The Fund's assets have been matched to its liabilities as at the 31 March 2017 triennial valuation so interest rate risk has been minimised and as all assets held are valued in Pound Sterling no exchange risk occurs. A review of the asset matching of the Fund will next take place to coincide with the results of 31 March 2020 triennial valuation.

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 -)
Index-Linked Gilts	11.2%
Cash	0.9%

Notes to the Financial Statements

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

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 2019 £000	% of fund %	Potential Change +/- %	Value on increase £000	Value on decrease £000
Index-Linked Gilts	159,329	97.7	11.2	177,174	141,484
Cash	3,681	2.3	0.9	3,714	3,648
Total [1]	163,010	100.0	11.0	180,888	145,132
Total [2]			11.0	180,892	145,128
Total [3]			4.8	170,834	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].

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

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

Credit risk

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

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

Notes to the Financial Statements

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

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

Cash deposits

At 31 March 2019, cash deposits represented £9m, 5.5% of total net assets. This was held with the following institutions:

	Moody's Credit Rating at 31 March 2019	Balances at 31 March 2018 £000	Balances at 31 March 2019 £000
Held for investment purposes			
Northern Trust Company - cash deposits	A2	1,077	580
The City of Edinburgh Council - treasury management	See below	8,017	3,070
		9,094	3,650
Held for other purposes			
The City of Edinburgh Council - treasury management	See below	2,240	1,741
Total cash		11,334	5,391

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

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

	Moody's Credit Rating at 31 March 2019	Balances at 31 March 2018 £000	Balances at 31 March 2019 £000
Money market funds			
Deutsche Bank AG, London	Aaa-mf	44	129
Goldman Sachs	Aaa-mf	-	2
Aberdeen Standard Sterling Liquidity Fund	Aaa-mf	-	706
Bank call accounts			
Bank of Scotland	Aa3	1,013	473
Royal Bank of Scotland	A3	37	19
Santander UK	Aa3	27	-
Barclays Bank	A1	1	-
Svenska Handelsbanken	Aa2	50	-
HSBC Bank PLC	Aa3	4	-
Notice accounts			
HSBC Bank PLC	Aa3	-	569
UK Pseudo-Sovereign risk instruments			
Other Local Authorities [1]	Aa1	7,561	2,913
		8,737	4,811

[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 2018 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.

13 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.

Notes to the Financial Statements

14 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 £135m (2018 £134m). This figure is used for statutory accounting purposes by Scottish Homes Pension Fund and complies with the requirements of IAS26. The assumptions underlying the figure match those adopted for the Administering Authority's FRS17/IAS19 reports at each year end.

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

	31 March 2018 % p.a.	31 March 2019 % p.a.
Inflation/pensions increase rate	2.4%	2.5%
Discount rate	2.7%	2.4%

Longevity assumptions

The life expectancy assumption is based on Fund specific statistical analysis with improvements in line with the CMI 2016 model, assuming that the current rate of improvements has reached a peak and will converge to a long term rate of 1.75% p.a.. Based on these assumptions, the average future life expectancies, in years, at age 65 are summarised below:

	31 March 2018		31 March 2019	
	Males	Females	Males	Females
Current pensioners	22.4 years	24.8 years	22.4 years	24.8 years
Future pensioners (assumed to be currently 45)	24.8 years	27.8 years	24.8 years	27.8 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.

15 Debtors

	31 March 2018 £000	31 March 2019 £000
Sundry debtors	12	1
	12	1

16 Creditors

	31 March 2018 £000	31 March 2019 £000
Benefits payable	3	73
Miscellaneous creditors and accrued expenses	45	1
	48	74

17 Related party transactions

The City of Edinburgh Council

The Lothian 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.

Notes to the Financial Statements

17 Related party transactions (cont)

LPFE, which is a wholly owned subsidiary of the Council, is responsible for providing the staffing resource to administer the pension funds. The Fund has a service level agreement in place with the Council for certain support services. Costs directly attributable to a specific Fund are charged to the relevant Fund, costs that are common to the two 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 2018 £000	31 March 2019 £000
Year end balance of holding account	194	10
	194	10

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 2019, the fund had an average investment balance of £10.6m (2018 £6.3m). Interest earned was £74k (2018 £29k).

Year end balance on treasury management account	31 March 2018 £000	31 March 2019 £000
Held for investment purposes	8,011	3,070
Held for other purposes	2,240	1,741
	10,251	4,811

Fund Guarantor

The Fund guarantor (by definition) is a related party to the scheme. The Scottish Government's contributions to the Fund can be found in note 4 (page 89) of the notes to the Financial Statements.

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 2019, the Fund was invoiced £3,614k (2018 £1,450k) for the services of LPFE Limited staff.

Governance

As at 31 March 2019, all members of the Pensions Committee, with the exception of Richard Lamont, and all members of the Pension Board, were members of the Lothian Pension Fund. One member of both the Pensions Committee and the Pension Board are 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.

Notes to the Financial Statements

17 Related party transactions (cont)

During the period from 1 April 2018 to the date of issuing of these accounts, the Fund was charged by City Of Edinburgh Councils via its service level agreement for time spent by its Executive Management team on pension fund issues. All other staff that held key positions in the financial management of Lothian Pension Fund were employed by LPFE Limited. Total compensation paid in relation to key management personnel employed by LPFE Limited during the period was as follows:

	31 March 2018	31 March 2019
	£000	£000
Short-term employee benefits	415	567
Post-employment benefits - employer pension contributions	85	111

Key management personnel employed by LPFE, had accrued pensions totalling £120,245 (1 April 2018: £97,456) and lump sums totalling £132,375 (1 April 2018: £110,889) 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.

18 Contingent assets/liabilities

Request for direction by Scottish Ministers to transfer the assets and liabilities of Homeless Action Scotland from the Lothian Pension Fund to the Scottish Homes Pension Fund

On 24 January 2019, the Chief Finance Officer, Lothian Pension Fund, made a request for direction by Scottish Ministers that the assets and liabilities of Homeless Action Scotland (HAS) should be transferred from Lothian Pension Fund (LPF) to the Scottish Homes Pension Fund. HAS became an "Admitted Body" of Lothian Pension Fund when its predecessor (The Scottish Council for Single Homeless) was admitted in 1978, pursuant to Regulation B4(4) of the Local Government Superannuation (Scotland) Regulations 1974, being 'a body to whom a grant is made out of moneys provided by Parliament'. Since 1978, HAS accrued pension liabilities for the ongoing pension entitlements of the HAS employees admitted to membership of LPF. Following confirmation by HAS that it would be unable to meet the minimum contribution rate assessed at the actuarial valuation of 31 March 2017 (certified by LPF's actuary), LPF terminated HAS's admission to LPF with effect from 12 July 2018 in accordance with LPF's Funding Strategy Statement. Upon HAS becoming an exiting employer, LPF's actuary was instructed to calculate the liabilities that remained with LPF on cessation and the final contribution due from HAS, as required under Regulation 62(2) of the 2018 Regulations. The Actuary's cessation valuation is £641,000.

A response to the request for such direction is awaited from Scottish Ministers.

Guaranteed Minimum Pension (GMP)

Following The High Court ruling from 26 October 2016, all defined benefit pension schemes must equalise Guaranteed Minimum Pension (GMP) for men and women. There is insufficient basis to estimate reliably the amount to be recognised in the past service cost until actuaries complete their assessment of the impact and reflect it fully in the pension reports. The Funds actuary, Hymans Robertson LLP has advised that following discussions with the National Audit Office and other LGPS actuaries, the general expectation is that a 'trigger event' is yet to occur in the LGPS and their default approach is to ignore any GMP impact in the 31 March 2019 accounts.

Notes to the Financial Statements

18 Contingent assets/liabilities (cont)

Local Government Pension Scheme (Scotland) cost management update from Scottish Public Pensions Agency (SPPA)

In February 2019, the SPPA provided the Local Government Association (LGA) Secretariat with the following update for Scottish administering authorities:

As you are aware, the Public Service Pensions Act 2013 requires all public service pension schemes to undergo regular valuations, in addition to the regular fund valuations undertaken by LGPS fund actuaries. At the October meeting of the LGPSAB (Scheme Advisory Board) (Scotland), Government Actuary's Department (GAD) presented demographic assumptions which have been agreed. The UK Government and Scottish Ministers chose to allow certain exceptions which were designed to protect those closest to retirement from the impact of those reforms. As you will be aware, the Court of Appeal handed down judgment in the cases of McCloud and Sargeant on 20 December 2018: these age-related transitional arrangements were held to be discriminatory. It is anticipated that other public service pension schemes across the UK may be affected by this decision, including LGPS Scotland, notwithstanding that the nature of the comparable transitional arrangements implemented for local government pension schemes [statutory underpin] was slightly different from those adopted for the unfunded schemes. The judgment therefore has implications for post-reform members' benefits, and the UK Government is seeking permission to appeal to the Supreme Court. Meantime, the substantial impact of the judgment is such that it is impossible to assess with certainty the value of current public service pension arrangements.

On 30 January 2019 HM Treasury therefore announced in a Written Ministerial Statement that the UK Government intends to pause the 'cost cap' mechanism under the current round of scheme valuations, pending the final outcome of the appeal. As noted in the Ministerial Statement, if the UK Government is successful in its appeal, the cost cap process will resume. If unsuccessful, steps will need to be taken to compensate members who have been unfairly disadvantaged in the post reform schemes. Accordingly, the nature, and the timescale for implementation, of changes to the provisions of LGPS Scotland flowing from the actuarial valuation of the scheme for cost cap purposes being undertaken by the Government Actuary's Department (GAD) is not currently clear. We understand that changes which were scheduled to come into force this April in the England & Wales LGPS have been put on hold. We are liaising closely with HM Treasury and MHCLG on this matter. Meanwhile, GAD is progressing its valuation calculations only to the extent necessary at this stage, pending greater clarity on the legal position and the UK Government's consequent policy intent".

19 Contractual commitments

The Fund had no contractual commitments at the year end.

20 Impairment losses

No impairment losses have been identified during the year.

Scottish Homes Pension Fund

Actuarial Statement for 2018/19

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 (FSS), dated March 2018, 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.

As the Fund was well ahead of its Target Funding Level at the 2017 valuation, it took the decision to derisk its investment strategy and now invests 100% of its assets in index-linked gilts.

Funding Position as at the last formal funding valuation

The most recent actuarial valuation carried out under Regulation 60 of the Local Government Pension Scheme (Scotland) Regulations 2014 was as at 31 March 2017. This valuation revealed that the Fund's assets, which at 31 March 2017 were valued at £170.6 million, were sufficient to meet 104.7% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting surplus at the 2017 valuation was £7.7 million.

The Guarantor's contributions for the period 1 April 2018 to 31 March 2021 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 2017 valuation report.

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 2017 valuation were as follows:

Financial assumptions	31 March 2017
Discount Rate	Bank of England nominal yield curve
Benefit increase assumption (CPI)	Bank of England implied (RPI) curve less 1.0% p.a.

Scottish Homes Pension Fund

Actuarial Statement for 2018/19

The key demographic assumption was the allowance made for longevity. The life expectancy assumption was based on the Fund's Vita Curves alongside future improvements based on the CMI 2016 model with an allowance for smoothing of recent mortality experience and a long term rate of improvement of 1.75% p.a.

Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	22.4	24.8
Future Pensioners *	24.8	27.8

*Aged 45 as at 31 March 2017

Copies of the 2017 valuation report and Funding Strategy Statement are available on request from the Administering Authority to the Fund.

Experience over the period since 31 March 2017

Since the last formal valuation, real bond yields have fallen placing a higher value on the liabilities but there have been positive asset returns over the 2 years. Both events are of broadly similar magnitude with regards to the impact on the funding position.

The next actuarial valuation will be carried out as at 31 March 2020. 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

26 April 2019



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 2018/19 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 2018/19 financial year and report on the net assets available to pay pension benefits as at 31 March 2019. 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

i) Group accounts

Commencing with the year ended 31 March 2016, Consolidated Financial Statements have been prepared for Lothian Pension Fund. The Financial Statements of 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.

Further details of the consolidation are provided in the Notes to the Financial Statements of Lothian Pension Fund.

LPFE Limited (LPFE) and LPFI Limited (LPFI) 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 is to provide staff services in respect of management of the Fund. LPFI's purpose is to provide FCA regulated services to the Fund and other Local Government Pension Scheme funds. It is considered appropriate to consolidate the Financial Statements of the two companies with those of Lothian Pension Fund.

ii) Lothian Buses Pension Fund merger

At its meeting on 26 March 2018, the Pensions Committee approved the merger of the assets and liabilities of the Lothian Buses Pension Fund into the Lothian Pension Fund, subject to the satisfactory completion of a revised admission agreement and shareholder guarantee. Having received the necessary admission agreement and shareholder guarantees the Lothian Buses Pension Fund assets were merged into Lothian Pension Fund on 1 February 2019.

Section 2.5 of the Code states that 'The combination of two or more local authorities into one new authority, or the transfer of functions from the responsibility of one authority to another, shall be accounted for under the principles that apply to group reconstructions and shall be accounted for as either a transfer by absorption or a transfer by merger.' 'Transfers by merger are rare transactions but may occur when legal transfers take place and management of the local government entity consider that in substance for a true and fair presentation of the local government entity the financial statements would be best presented as if the entity had always existed in its newly combined form. The results and cash flows of all of the combining bodies (or functions) should be brought into the financial statements of the combined body from the beginning of the financial year in which the combination occurred.....'

Specialist legal opinion had been sought prior to the merger of Lothian Buses Pension Fund. This concluded that "...Lothian Buses Pension Fund was set up as a 'further fund', within the meaning of the Local Government Superannuation (Funds) (Scotland) Regulations 1986 (the 'Funds Regulations')...At the time when the Admission Agreement was entered into, there was a clear mechanism under legislation whereby a 'further fund' could be dissolved and transferred back into the Main Fund." Also, "It is worth noting that, under the Admission Agreement..., Lothian Buses was admitted first of all to the Main Fund (immediately following which) the further Fund was set up". Accordingly, with such assurance that "the newly combined body or functions has always existed", the consolidation of Lothian Buses Pension Fund "sub-fund" into Lothian Pension Fund has been accounted for by the 'transfer by merger'.

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' pension 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 Fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations.

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

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

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

d) Investment income

i) Interest income

Interest income is recognised in the Fund 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 and LPFI

The Companies are mutual traders and are therefore not liable to corporation tax on any surpluses generated from services provided in respect of the Fund. 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 Lothian Pension Fund is responsible for administering the two Funds. The costs include charges from LPFE and LPFI for services rendered. The Fund receives an allocation of the overheads of the Council, this is based on the amount of central services consumed. In turn, these costs are allocated to the two Funds.

Costs directly attributable to a specific fund are charged to the relevant Fund. Investment management costs that are common to all funds are allocated in proportion to the value of each Fund 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.

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 Fund. 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 Standard Interpretations Committee (SIC) 15, subsequently endorsed by the International Accounting Standards Board (IASB), 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 Fund 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
Freehold and leasehold properties	Level 3	Valued at fair value at the year-end using the investment method of valuation by John Symes-Thompson FRICS of independent valuers, CBRE Ltd in accordance with RICS Valuation – Global Standards 2017	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 (2015)	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 Fund's 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 Fund has 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 2019.

Lothian Pension Fund	Assessed Valuation range (+ or -)	Value at 31 March 2019	Value on increase	Value on decrease
<u>Unquoted</u>		£m	£m	£m
Private Equity	30%	76.1	98.9	53.3
Infrastructure	12%	844.9	946.3	743.5
Timber	18%	124.0	146.3	101.7
Private Secured Loans	7.5%	205.0	220.4	189.6
Property	13%	461.0	520.9	401.1
		1,711.0	1,932.8	1,489.2

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



n) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits of each of the Fund 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 Fund 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 Fund. The Fund has 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

The employees of LPFE 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 2019/20 Code:

The Code requires implementation from 1 April 2019 and there is therefore no impact on the 2018/19 financial statements.

- Amendments to IAS 40 Investment Property: Transfers to Investment Property
- Annual Improvements to IFRS Standards 2014-2016 Cycle
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IAS 9 Financial Instruments

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 2019 was £1,250.0m (2018 £1,125.1m).

Actuarial present value of promised retirement benefits

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

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

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

The 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 2019 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 Fund's assets. The Fund Actuary advises on the assumptions to be applied and prepares the estimates.



Effect if actual results differ from assumptions - Lothian Pension Fund

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

Change in assumptions - year ended 31 March 2019	Approx % increase in liabilities %	Approx monetary amount £m
0.5% decrease in the real discount rate	11	1,004
1 year increase in member life expectancy	4	326
0.5% increase in salary increase rate	2	163
0.5% increase in pensions increase rate	8	773

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 2019	Approx % increase in liabilities %	Approx monetary amount £m
0.5% decrease in the real discount rate	5	7
1 year increase in member life expectancy	4	6
0.5% increase in pensions increase rate	5	7

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 Annual 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 Fund in its charge and to secure that one of its officers has the responsibility for the administration of those affairs. The Head of Finance serves as the Section 95 Officer for all the Council's accounting arrangements, including those of Lothian Pension Fund and Scottish Homes Pension Fund. For the Fund, 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 Audited Annual Accounts for signature.

HUGH DUNN
Head of Finance
The City of Edinburgh Council
26 June 2019

The responsibilities of the Chief Finance Officer, Lothian Pension Fund

The Chief Finance Officer, Lothian Pension Fund, is responsible for the preparation of the Fund's Financial Statements which, in terms of the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the Code of Practice), is required to present a true and fair view of the financial position of the Fund at the accounting date and their income and expenditure for the year (ended 31 March 2019).

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 Fund as at 31 March 2019, and their income and expenditure for the year ended 31 March 2019.

JOHN BURNS, FCMA CGMA PgC
Chief Finance Officer
Lothian Pension Fund
26 June 2019



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 two separate funds: the Lothian Pension Fund and Scottish Homes Pension Fund (the Fund). The Lothian Pension Fund group comprises the investment and pensions team employed by LPFE Limited (LPFE) supporting the Council in its separate statutory capacity as the administering authority of the Fund (Administering Authority) and LPFI Limited (LPFI), the Group's regulated investment vehicle (together the LPF Group).

The main functions of the Administering Authority are administration of scheme benefits and the investment of the assets of the Fund. 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 Joint Investment Strategy Panel; and
- the LPF Group.

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 Fund, the Council is responsible for ensuring that its business in administering the Fund, 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, senior officers and external representatives are responsible for implementing effective arrangements for governing the affairs of the LPF Group, and facilitating the effective exercise of its functions, including arrangements for the management of risk. The Pensions Committee oversees the operational administration of the Fund by the LPF Group.

The LPF Group 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 LPF Group 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 LPF Group operates within the wider governance framework of the Council but within specific ringfenced governance structures focused on the Fund themselves. The governance framework comprises the systems, controls, processes, cultures and values by which the LPF Group directs and controls the Fund. It also describes the way the LPF Group engages with and accounts to its stakeholders in relation to the management of the administration of the Fund. It enables the LPF Group to monitor the achievement of its objectives and consider whether those objectives have led to the delivery of appropriate, cost-effective services. The framework also applies to any subsidiary companies which are members of the LPF Group, namely LPFI and LPFE. The LPF Group is also directly regulated by The Pensions Regulator, the Financial Conduct Authority (regarding its regulated investment activity), the Scottish Information Commissioner and is subject to other corporate and public sector rules and regulations.

The LPF Group's ongoing compliance with its governance framework and regulatory obligations is monitored on an ongoing basis by the Pensions Committee, the Audit Sub-Committee and the Pension Board and the respective boards of LPFI and LPFE.

The wider Council's Local Code of Corporate Governance is regularly reviewed and considered by the Governance, Risk & Best Value Committee. It has implemented arrangements for monitoring each element of the framework and providing evidence of compliance. The Council's Democracy, Governance and Resilience Senior 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 Officer 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 LPF Group places reliance upon certain of 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 LPF Group and the Fund governance framework within the Council, include:

- Identifying the objectives of the Fund in the Funding Strategy Statement, Statement of Investment Principles, Pension Administration Strategy and Service Plan.
- Since April 2015, The Pensions Regulator has been responsible for setting standards of governance and administration for the Local Government Pension Scheme. The LPF Group has taken steps to fully integrate compliance with these standards within the overall governance framework.
- A systematic approach to monitoring service performance by the Pensions Committee, Pensions Audit Sub-Committee, Pension Board (each including external stakeholder representation), Independent Professional Observer and senior officers.
- A structured programme to ensure that Pensions 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 Fund's 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 Fund benefits from the custodian's extensive internal control framework.
- Benchmarking of services in terms of standards and cost against other pension funds.
- LPFE and LPFI operating within their respective constitutional documentation and the relevant companies regulations.
- LPFI operating within the relevant governance policies and procedures to ensure compliance with the Financial Conduct Authority's rules, regulations and guidance.
- For LPF Group and Fund matters, the Pensions Committee, Pensions Audit Sub-Committee and Pension Board are responsible for scrutiny and challenge and a quarterly risk reporting process is in place to ensure full consideration of such matters.
- Officers of the LPF Group are managed separately through the processes and procedures of LPFE, overseen by its board of directors, with terms and conditions and a human resources performance review and management strategy tailored to the express needs of the Fund and their stakeholders.
- The directors of LPFE and LPFI have obligations to report to the Pensions Committee as the governing body for the Fund and Council in being the sole shareholder. In addition, the board and staff of LPFI are each individually regulated by the Financial Conduct Authority and so bound by the associated Principles and Standards of governance best practice.

Elements of the governance framework of the Council that are relevant to the LPF Group and Fund include:

- The Council is embedding a culture of commercial excellence to ensure that its services always deliver Best Value. That is ongoing and seeks to improve standards in buying practices and processes across the Council including, to the extent applicable, the LPF Group and the Fund which bear the cost of its operation and administration
- The submission of reports, findings and recommendations from the external auditor, other inspectorates and internal audit, to the Pensions Committee, Pensions Audit Sub-Committee for all matters affecting the LPF Group and Fund and, in certain circumstances strictly for Council wide oversight purposes, the Corporate Leadership Team, Governance, Risk and Best Value Committee and wider Council.
- 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 Officer has overall accountability 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 the LPF Group on all financial matters, keeping proper financial records of accounts and maintaining an effective system of internal financial control. For the Fund, the Section 95 officer responsibility has been sub-delegated to the Chief Finance Officer of the LPF Group.
- The Chief Internal Auditor has overall responsibility to review, appraise and report to management and the Governance, Risk and Best Value Committee, and for matters relating to the LPF Group and Fund to the Pensions Committee and Pensions Audit Sub-Committee, on the adequacy of relevant internal control and corporate governance arrangements and on risks relating to approved policies, programmes and projects.
- The Council's Democracy, Governance and Resilience Manager, reporting to the Head of Strategy and Communications, has responsibility for advising the Council on corporate governance arrangements and supports the LPF Group on certain aspects of its governance arrangements.
- The Governance, Risk and Best Value Committee, and for LPF Group and 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 LPF Group and 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 Resources and Chief Executive's 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 Team, which reviews Council-wide risk and reports to the Governance, Risk and Best Value Committee for scrutiny and challenge.
 - Resilience and business continuity plans are in place for all essential Council services. These set out arrangements for continuing to deliver essential services in the event of an emergency or other disruption.
 - Senior management and Heads of Service have formal objectives, with performance reviewed by the appropriate chief officer. Officers have personal work objectives and receive feedback on their performance through the Council-wide performance review and development process.
 - An Elected Members remuneration and expenses scheme is in place and is consistent with the Scottish Government's 'Councillors Remuneration: allowances and expenses – Guidance'. Information on the amounts and composition of elected members salaries, allowances and expenses is published on the Council's website.
 - The Council's Democracy, Governance and Resilience Senior Manager ensures that induction training on roles and responsibilities, and ongoing development opportunities, are provided for Elected Members. A separate policy on Pensions Committee and Pension Board member training has been adopted and is overseen by the LPF Group's officers.



- Mandatory training for Councillors newly appointed to the Pensions Committee is programmed within the Induction and Training programme for Elected Members. This focuses on governance, investment management and strategy and how the LPF Group and Fund work. Committee members are reminded of the requirement to undertake a minimum of 21 hours of training per financial year to fulfil their role on the Pensions 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 LPF Group has adapted policies to take into account the specific nature of its business and regulation.
- The Whistleblowing policy provides a process for disclosure in the public interest about the Council and its activities by officers, Elected Members and others. The LPF Group has an adapted policy to take into account the specific nature of its business and regulation.
- A Register of Members' Interests and Registers of Officers' interests are maintained and available for public inspection.

A significant element of the governance framework is the system of internal controls, which is based on an ongoing process to identify and prioritise risks to the achievement of the Council's objectives, including those relevant to the LPG Group and Fund. Following the establishment of the wholly-owned subsidiary companies, LPFE and LPFI, the Council continues to have appropriate assurance processes and procedures in relation to the responsible officers involved in the administration of those companies and so the wider LPF Group administering the Fund.

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 considers that significant enhancements are required to the LPF control environment and governance and risk management frameworks, and is raising a 'red' rated opinion, with our assessment towards the middle of this category."

In compliance with standard accounting practice, the Head of Finance, of the City of Edinburgh Council has provided the Chief Executive Officer with a statement of the effectiveness of the Group's internal financial control system for the year ended 31st March 2019. It is the Head of Finance's opinion that "... that although a degree of assurance can be placed upon the adequacy and effectiveness of the Group's systems of internal financial control, further improvements, including embedding of actions taken in response to previous recommendations, are still required.



In this context, I would particularly highlight improvements in train to address a number of systemic weaknesses in respect of payroll-related controls, including those to address historic, and prevent recurring, overpayments.”

The Chief Finance Officer of the LPF Group has provided a statement of the effectiveness of the internal financial control system for the year ended 31st March 2019 for the Fund. It is the Chief Finance Officer’s opinion “that reasonable assurance can be placed upon the adequacy and effectiveness of the system of internal financial control for the LPF Group in administering the Lothian 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 LPF Group in its administration of the Fund. We consider the governance and internal control environment operating during the financial year from 1 April 2017 to 31 March 2019 to provide reasonable and objective assurance that any significant risks impacting on the LPF Group and its ability to achieve its objectives in properly administering the Fund have and will continue to be identified and suitably proportionate actions have and will be taken to avoid or mitigate the impact of any such risks.

The LPF Group has identified certain key areas for improvement, summarised as follows:

- **ICT:** Continuing to engage with ICT service provider and the City of Edinburgh Council to monitor and drive improvements in the ICT services which the LPF Group receives, whilst in tandem continuing to assess the position around the LPF Group procuring a separate ICT provider to solely and independently service its specific ICT requirements in support of its strategic business plan.
- **Human resources:** To continue to implement the new human resources strategy specific to LPF Group’s requirements.
- **Pension Board:** To ensure that vacancies in the Pension Board are filled timeously and by suitable candidates and that this body of external stakeholder representatives receives the training and support that it requires on an ongoing basis.
- **Business continuity:** To continue to assess and refresh the business continuity plan on an ongoing basis ensuring sufficient engagement with staff.
- **Information governance:** Having completed a full information governance compliance project prior to the implementation of new data protection laws on 25 May 2018, to continue to implement ongoing actions to ensure continuing best practice information governance and security within the LPF Group, including monitoring and engaging with third party suppliers where appropriate.
- **Financial services regulatory compliance:** To continue to instruct external compliance audits on the operations and governance of LPFI in order to ensure best practice compliance and assurance around its existing operations (and in preparation for its extended collaborative business model) and take action to address the recommendations from those audits on an ongoing basis.



- Wider governance: To continue to maintain and reinforce separate governance and controls specific to the needs of the LPF Group, the pensions funds it administers and its distinct duties to employer and member stakeholders; consistently throughout the LPF Group's governance structures. To ensure that oversight by the City of Edinburgh Council is supported in a manner consistent with these duties.

The LPF Group will continue to ensure that these are treated as a priority and that progress towards implementation will be reviewed through the governance structures and processes established for the LPF Group and summarised herein.

ANDREW KERR
Chief Executive Officer
The City of Edinburgh Council
26 June 2019

DR STEPHEN S MOIR
Executive Director of Resources
The City of Edinburgh Council
26 June 2019

DOUG HERON
Chief Executive Officer
Lothian Pension Fund
26 June 2019



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 2019 and over the financial year.

Principle		Full Compliance	Comments
Structure	The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing Council.	Yes	<p>The City of Edinburgh Council acts as administering authority and delegates all pension scheme matters to a committee of seven members (Pensions Committee) made up as follows:</p> <ul style="list-style-type: none"> - Five City of Edinburgh Council elected members - Two external members, one drawn from the membership of the Fund and one drawn from the employers that participate in the Fund.
	That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.	Yes	<p>The Pensions Committee includes two external places for pension fund stakeholders i.e. one each from the employer and member representatives.</p> <p>Fund members and employers are also represented within the Fund's 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>



Principle		Full Compliance	Comments
Structure	That where a secondary committee or board has been established, the structure ensures effective communication across both levels.	Yes	<p>The Pensions Audit Sub-Committee, consisting of three members of the Pensions Committee, report to the Pensions Committee on their findings and recommendations. 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> <p>Implementation of investment strategy is delegated to the Executive Director of Resources who then delegates to the Head of Finance, who takes advice from the Joint Investment Strategy Panel. The Panel meets quarterly and reports to the Pensions Committee annually.</p> <p>The advisers on the Joint Investment Strategy Panel consists of the Chief Investment Officer and on other portfolio manager of LPFI plus two experienced independent external industry advisers.</p> <p>The Pensions Committee receives annual updates from LPFE and LPFI.</p>
Representation	That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include employing authorities (including non-scheme employers, e.g. admitted bodies) and scheme members (including deferred and pensioner scheme members).	Yes	<p>The 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. This contract expired in February 2018 and a new Observer was appointed in September 2018.</p>



Principle		Full Compliance	Comments
Representation	Where appropriate, independent professional observers, and expert advisers (on an ad-hoc basis).	Yes	<p>As mentioned previously, external investment advisers sit on the Joint 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 on 7 February 2017 and LPFE on 19 March 2018.</p> <p>An external compliance consultant supports the LPF Group on its ongoing compliance with the Financial Conduct Authority rules, regulations and guidance.</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 Pensions Committee and Pension Board) prior to their appointment to those bodies.</p> <p>The elected members are required to read, sign and abide by the Councillors' Code of Conduct.</p>



Principle		Full Compliance	Comments
Selection and Role of Lay Members	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. The declaration of board members interest is a standard item on the agenda for the meetings for the LPFE and LPFI board meetings.</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	<p>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.</p> <p>The LPF Group's Nomination and Appointments Policy clearly documents how employer and member representatives will be elected to the Pensions Committee and Pension Board.</p> <p>LPFI and LPFE board members conduct meetings and other matters in accordance with their respective articles of association and shareholders' agreements.</p>
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	<p>A Training and Attendance Policy is in place covering training requirements and reimbursement of expenses. The policy is available on the LPF Group's website www.lpf.org.uk.</p> <p>Board members and staff working for LPFI and LPFE also attend separate training for the purposes of their knowledge, understanding and (where appropriate) compliance with Financial Conduct Authority regulations.</p>
	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.



Principle		Full Compliance	Comments
Training / Facility Time / Expenses	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	<p>The Pensions Audit Sub-Committee is held before the Pensions Committee at least three times a year with further meetings held if necessary.</p> <p>The Joint Investment Strategy Panel meets quarterly or more frequently as required.</p> <p>The Pension Board attends all the Pensions Committee meetings and separately meets in advance of such meetings. Further meetings are held if necessary.</p> <p>The LPFE board now meet five time a year (in February, May, August, October and December) and the LPFI board at least quarterly.</p>
	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	Pensions Committee papers and minutes are publicly available on the Council's website and all Pensions 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.



Principle		Full Compliance	Comments
Scope	That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	Yes	<p>The Pensions Committee deals with all matters relating to both the administration and investment of the Fund and the LPF Group.</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 Fund.</p>
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 LPF Group's website. The LPF Group also communicates regularly with employers and scheme members.

ANDREW KERR
Chief Executive Officer
The City of Edinburgh Council
26 June 2019

DR STEPHEN S MOIR
Executive Director of Resources
The City of Edinburgh Council
26 June 2019

DOUG HERON
Chief Executive Officer
Lothian Pension Fund
26 June 2019



REMUNERATION REPORT

Remuneration Policy for Employees

Officers and employees of Lothian Pension Fund are employed by LPFE, an arms-length organisation owned by the City of Edinburgh Council, the administering authority for the Lothian Pension Fund. In recent years LPFE has been incorporated as a standalone entity to allow the Fund to compete with private sector investment management firms for recruitment and retention of skilled and experienced investment managers and analysts.

Operating this model allows Lothian Pension Fund to achieve significantly lower costs, and therefore improved net returns or lower investment risk, than would be possible by appointing private sector asset managers to invest the Fund's assets. The LPFE Board acts as a Remuneration Committee for officers and employees determining pay arrangements based on comparison to well-researched market benchmarks and performance against pre-agreed performance targets, and always linked to the principle of delivering value-for-money for the members of the Fund and their sponsoring employers.

Each year the Fund participates in a range of benchmarking exercises to measure operating costs and net investment returns against peers and indices relevant to the investment strategy, and this information is reported to the oversight bodies who review pay arrangements and terms of appointments of officers. Pay arrangements in LPFE reflect the market for investment expertise and recognise the qualifications and experience levels required to perform the roles and, more fundamentally, represent value-for-money for employee members and their sponsoring employers who bear the costs of operating the pension fund and securing retirement benefits.

Number of Employees by Pay Band

The numbers of employees whose remuneration during the year exceeded £50,000 were as follows:

Remuneration Bands	2017/18	2018/19	Remuneration Bands	2017/18	2018/19
£50,000 - £54,999	1	1	£95,000 - £99,999	1	1
£55,000 - £59,999	3	3	£100,000 - £104,999	1	2
£60,000 - £64,999	1	1	£105,000 - £109,999	-	2
£65,000 - £69,999	1	-	£110,000 - £114,999	-	-
£70,000 - £74,999	2	-	£115,000 - £119,999	-	-
£75,000 - £79,999	2	1	£120,000 - £124,999	-	-
£80,000 - £84,999	1	1	£125,000 - £129,999	-	1
£85,000 - £89,999	3	-	£130,000 - £134,999	-	4
£90,000 - £94,999	-	-			
			Total No. of Employees	16	17



During the year, the company introduced three variable pay schemes, two of which have vesting periods. The Portfolio Manager and Senior Management schemes entitle staff to receive an assessed percentage of their salary as an additional variable pay award if they meet certain objectives during the year. The assessment year runs from 1 February 2018 to 31 January 2019. The award then vests over three years.

The first part is payable at the end of the first year if the objectives are met and the remaining two parts are payable in the following two years if the requirement that the employee is still employed by the company at such time is met. Payment one has been made in January 2019. A liability has been raised at 31 March 2019 for the 2 months of service which the employees have delivered with regards to the second and third payments in the scheme.

Senior Employees Remuneration

The remuneration paid to the Fund's senior employees is as follows:

	Total Remuneration 2017/18	Salary, Fees and Allowances	Variable Remuneration	Total Remuneration 2018/19
Name and Post Title	£000	£000	£000	£000
Doug Heron, Chief Executive Officer (from February 2019)*	-	18	-	18
Clare Scott, Chief Executive Officer (to December 2018)**	101	80	-	80
Bruce Miller, Chief Investment Officer	96	106	26	132
John Burns, Chief Finance Officer	76	82	20	102
Struan Fairbairn, Chief Risk Officer (Head of Legal, Risk and Compliance)	76	81	19	100
	349	367	65	432

* Full time equivalent for 2018/19 £108,000

** Full time equivalent for 2018/19 £108,000

The senior employees detailed above have responsibility for management of the LPF group to the extent that they have power to direct or control the major activities of the group (including activities involving the expenditure of money), during the year to which the Remuneration Report relates, whether solely or collectively with other persons.

Senior officers of the City of Edinburgh Council are also fully remunerated via the Council and no additional remuneration is paid by the Fund. This remuneration is disclosed in the Financial Statements of the City of Edinburgh Council.



Senior Employees Pension Entitlement

Pension benefits for employees are provided through the Local Government Pension Scheme.

For employees the Local Government Pension Scheme became a career average pay scheme on 1 April 2015. Benefits built up to 31 March 2015 are protected and based on final salary. Accrued benefits from 1 April 2015 will be based on career average salary.

The Scheme's normal retirement age for employees is linked to the State Pension Age (with a minimum of age 65).

From 1 April 2009, a five-tier contribution system was introduced with contributions from Scheme members being based on how much pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership. Prior to 2009, contributions rates were set at 6% for all non-manual employees.

The tiers and members' contribution rates for 2018/19 were as follows:

Pensionable Pay (2018/2019)	Rate (%)
On earnings up to and including £21,300 (2017/2018 £20,700)	5.5%
On earnings above £21,300 and up to £26,100 (2017/2018 £20,700 to £25,300)	7.25%
On earnings above £26,100 and up to £35,700 (2017/2018 £25,300 to £34,700)	8.5%
On earnings above £35,700 and up to £47,600 (2017/2018 £34,700 to £46,300)	9.5%
On earnings of £47,600 and above (2017/2018 £46,300)	12%

If a person works part-time, their contribution rate is worked out on the whole-time pay rate for the job, with actual contributions paid on actual pay earned.

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004.

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation.

The pension figures shown relate to the benefits that the person has accrued as consequence of their total local government service, and not just their current appointment.



The pension entitlement of the LPF Group's senior employees is as follows:

	In-year Pension Contributions			Accrued Pension Benefits	
	2017/18	2018/19		As at 31 March 2019	Increase from 31 March 2018
Name and post title	£000	£000		£000	£000
Doug Heron, Chief Executive Officer (from February 2019)	-	4	Pension	-	-
			Lump Sum	-	-
Clare Scott, Chief Executive Officer (to December 2018)	21	19	Pension	23	3
			Lump Sum	14	1
Bruce Miller, Chief Investment Officer	20	27	Pension	29	7
			Lump Sum	28	7
John Burns, Chief Finance Officer	16	21	Pension	41	7
			Lump Sum	78	12
Struan Fairbairn, Chief Risk Officer (Head of Legal, Risk and Compliance)	16	21	Pension	10	2
			Lump Sum	-	-
Total	73	92			

Exit Packages

Exit packages include compulsory and voluntary redundancy costs, pension contributions in respect of added years, ex-gratia payments and other departure costs. There was no payment of any exit packages in 2018/19 or in the previous year.

All information disclosed in the above tables at paragraphs in this Remuneration Report has been audited. The other sections of the Remuneration Report have been reviewed by the appointed auditor to ensure that they are consistent with the annual accounts.

Remuneration for Councillors on the Pensions Committee

Councillors on the Pensions Committee are remunerated by the City of Edinburgh Council, no additional remuneration is paid by the Fund.

ANDREW KERR
Chief Executive Officer
The City of Edinburgh Council
26 June 2019

DR STEPHEN S MOIR
Executive Director of Resources
The City of Edinburgh Council
26 June 2019

JOHN BURNS
Chief Finance Officer
Lothian Pension Fund
26 June 2019



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. To view individual policy documents, click on the links below if viewing online or visit www.lpf.org.uk/publications.

- [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, Exchange Place One, 1 Semple Street, Edinburgh, EH3 8BL
Bankers:	Royal Bank of Scotland, 36 St Andrew Square, Edinburgh, EH2 2YB
Investment consultancy:	Gordon Bagot and Scott Jamieson
Investment custodians:	The Northern Trust Company, 50 Bank Street, Canary Wharf, London, E14 5NT
Investment managers:	Details can be found in the notes to the accounts.
Additional Voluntary Contributions (AVC) managers:	Standard Life, Standard Life House, 30 Lothian Road, Edinburgh, EH1 2DH Prudential plc, 1 Angel Court, London, EC2R 7AG
Property valuations:	CB Richard Ellis Limited, St Martin's Court, 10 Paternoster Row, London, EC4M 7HP
Solicitors:	Lothian Pension Fund In-house



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 on request. 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 and Scottish Home Pension Fund, please contact us the details on the back page if this report.

LOTHIAN PENSION FUND

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Lothian Pension Fund, Atria One, 144 Morrison Street, Edinburgh EH3 8EX

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 appropriate system of internal financial control is in place and its on-going 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 Corporate Leadership and Senior Management Team agendas, with progress in implementation also regularly reported to the Governance, Risk and Best Value Committee.
3. In view of recent staffing reductions and various resulting changes in responsibilities, the self-attestation exercise undertaken early in 2018 was helpful in assessing the extent to which previous improvements had been embedded within service areas, highlighting a need for further action in some areas to implement and sustain the required controls. This exercise has subsequently been complemented, within the Resources Directorate, by quarterly Service Performance and Assurance meetings at which progress in implementation of agreed actions is also considered.
4. 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 2018. While noting some opportunities for improvement and a need, in some cases, to embed previously-agreed actions, this assessment concluded that the system of internal financial control was well-designed.
5. 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 2018/19, 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.
6. The Chief Internal Auditor will present her annual audit opinion on the adequacy and effectiveness of the system of internal control (including financial controls) to the Governance, Risk and Best Value Committee in August 2019. While showing a degree of improvement on the equivalent assessment for 2017/18, this opinion, based on internal audit work undertaken during the year, is expected to highlight an on-going need for enhancements to the control environment and associated governance and risk management frameworks. The required control improvements

implicit in this opinion will be examined and any corresponding required actions (as they relate to financial systems) implemented as a matter of urgency.

7. The existing 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. An internal audit review of the Council's savings development and monitoring processes undertaken in 2016/17 noted a number of areas of good practice, with no recommendations for improvement made. I am conscious, nonetheless, of a significant subsequent reduction in the proportion of service-specific savings delivered and have put in place arrangements both to provide additional project management resource for more material and/or transformational savings projects and strengthen more general officer and elected member scrutiny at the proposal inception, development and implementation stages;
 - agreement of targets against which financial and operational performance can be assessed. Key amongst these financial targets is the achievement of a balanced Council-wide outturn, with the provisional year-end position for 2018/19 showing that net expenditure has been maintained within budgeted levels for the twelfth successive year;
 - clearly-defined capital and other expenditure guidelines communicated to services and set out in the Finance Rules which were refreshed in July 2018. The Financial Regulations were also reviewed and minor amendments to their content approved in June 2018;
 - an approved long-term financial strategy and plan, updates in respect of which are regularly discussed at CLT and reported to the Finance and Resources Committee, with the next such update planned for consideration on 15 August 2019;
 - formal project management disciplines as supported and promoted through the Strategy and Communications 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. Service Level Agreements are also in place for finance-related services provided to a range of external bodies.

8. 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, including self-attestation of previous actions where relevant;
 - 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.
9. The Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer (2014) as set out in the Application Note to Delivering Good Governance in Local Government Framework, an opinion confirmed as part of recent external audit scrutiny. Having reviewed the framework, it is therefore my opinion that although a degree of assurance can be placed upon the adequacy and effectiveness of the Group's systems of internal financial control, further improvements, including embedding of actions taken in response to previous recommendations, are still required. In this context, I would particularly highlight improvements in train to address a number of systemic weaknesses in respect of payroll-related controls, including those to address historic, and prevent recurring, overpayments.
10. I have overseen the improvements put in place in response to Finance-specific recommendations made by internal and external audit work during the year, with none outstanding at this time. 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, in light of the follow-up audits undertaken by both internal and external audit, a priority continues to be to consolidate these improvements, identify any further required actions and gain necessary assurance by regularly assessing their effectiveness.
11. As noted in Paragraph 7 above, a combination of anticipated shortfalls in approved savings delivery and residual unmitigated pressures within services threaten to compromise the stability of the budget framework. To this end and in recognition of the seriousness of the situation without the taking of further urgent action, I reported to the Finance and Resources Committee on 23 May 2019, highlighting the extent of further required savings in the current year and more fundamentally emphasising the need for service transformation, improved demand management and ultimately service prioritisation if the Council's financial sustainability is to be secured. I will therefore bring back to the Committee's next meeting on 15 August potential measures to address this position.

Hugh Dunn
Head of Finance
13 June 2019

**Annual Report 2019
of
Lothian Pension Fund
and
Scottish Homes Pension Fund**

**“Statement on the system of internal financial control
for the year ended 31 March 2019”**

Section 95 of the Local Government (Scotland) Act 1973 states that “every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that the proper officer of the authority has responsibility for the administration of those affairs”. The Head of Finance serves as the Section 95 Officer for all of the Council’s accounting arrangements, including those of the Lothian Pension 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 2019.

The Funds place reliance upon the internal financial controls within the City of Edinburgh Council’s financial systems and the monitoring in place to ensure the effectiveness of these controls. Accordingly, the “Statement on the system of internal financial control” by Hugh Dunn, Head of Finance, City of Edinburgh Council, dated 13 June 2019, refers.

Within this overall control framework, specific arrangements for the Lothian 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;
- 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 Pension Committee members have the required standard of knowledge and understanding of Local Government Pension Scheme matters;
- operating within clearly established investment guidelines defined by the Local Government Pension Scheme Investment Regulations and the Funds’ Statements of Investment Principles;
- compliance with the CIPFA Principles for Investment Decision Making 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 Local Government Pension Scheme funds;
- LPFE and LPFI operating within their respective constitutional documentation and the relevant company regulations;

- LPFI operating within the relevant governance policies and procedures to ensure compliance with the Financial Conduct Authority regulations

The Chief Internal Auditor has provided an “Internal Audit Annual Report and Opinion for the year ended 31 March 2019”, in accordance with the requirement set out in the Public Sector Internal Audit Standards. This opinion, based on internal audit work undertaken during the year, concludes that “the LPF control environment and governance and risk management frameworks are generally adequate but with enhancements required.” Requisite actions are being progressed to secure such control improvements, including affirmation as to the ongoing integrity of supplier systems.

It is my opinion, therefore, that reasonable assurance can be placed upon the adequacy and effectiveness of the system of internal financial control for the LPF Group in administering the Lothian Pension Fund and Scottish Homes Pension Fund.

**John Burns, FCMA CGMA, PgC
Chief Finance Officer,
Lothian Pension Fund**

13 June 2019