

Notice of meeting and agenda

Finance and Resources Committee

2.00pm, Wednesday 13 May 2015

Dean of Guild Court Room, City Chambers, High Street, Edinburgh

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

Contact

Email: veronica.macmillan@edinburgh.gov.uk / laura.millar2@edinburgh.gov.uk

Tel: 0131 529 4283 / 0131 529 4319



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 Merchiston Community Council in respect of Item 7.19 (Proposed Sale: Boroughmuir High School, Viewforth, Bruntsfield) – e-mail request (circulated)

4. Minutes

- 4.1 Minutes of the Meeting of 19 March 2015 (circulated)

5. Business Bulletin

- 5.1 None

6. Forward Planning

- 6.1 Finance and Resources Committee Key Decisions Forward Plan (circulated)
- 6.2 Finance and Resources Committee Rolling Actions Log (circulated)

7. Executive decisions

- 7.1 Health and Social Care Revenue Budget – Further Progress Update – report by the Chief Executive (circulated)
- 7.2 Health and Social Care Integration – Update – report by the Director of Health and Social Care (circulated)
- 7.3 Impact on Providers of Recent Employment Appeal Tribunal Judgements – Night time ‘Sleepover’ Support Costs – report by the Director of Health and Social Care (circulated)
- 7.4 Revenue Budget Framework 2016/20 update – report by the Director of Corporate Governance (circulated)
- 7.5 Council Transformation Programme: Status Report – report by the Director of

Corporate Governance (circulated)

- 7.6 Culture and Sport: Income Generation in Museums and Galleries – report by the Director of Corporate Governance (circulated)
- 7.7 Report by the Accounts Commission – An overview of local government in Scotland 2015 – report by the Director of Corporate Governance (circulated)
- 7.8 Governance of Major Projects: Progress Report – report by the Director of Corporate Governance (circulated)
- 7.9 Contracts Awarded under Delegated Authority (Waiver Reports) and Procurement Activity – report by the Director of Corporate Governance (circulated)
- 7.10 Insurance Policies Waiver of Contract Standing Orders – report by the Director of Corporate Governance (circulated)
- 7.11 Review of Contract Procedures relating to the Council ICT Procurement Process – report by the Director of Corporate Governance (circulated)
- 7.12 Council Contracts – Planning Update – report by the Director of Corporate Governance (circulated)
- 7.13 Review of Payment Terms for Council Suppliers and Contractors – report by the Director of Corporate Governance (circulated)
- 7.14 Design Team for Cycling Hub at Hunter’s Hall Park – Award of Contract – report by the Director of Corporate Governance (circulated)
- 7.15 Award and Extension of Health and Social Care Contracts – report by the Director of Health and Social Care (circulated)
- 7.16 Contract Award for Homeless Prevention – Young People’s Services Foyer Approach – report by the Acting Director of Services for Communities (circulated)
- 7.17 Proposed Lease of Custom House, Commercial Street, Leith – report by the Acting Director of Services for Communities (circulated)
- 7.18 21st Century Homes – Development of Site at North Sighthill – referral report from the Health, Social Care and Housing Committee (circulated)
- 7.19 Proposed Sale: Boroughmuir High School, Viewforth, Bruntsfield – report by the Acting Director of Services for Communities (circulated)

- 7.20 Framework agreement for the Provision of Commercial Estate Management and Residential Property Consultancy Services – report by the Acting Director of Services for Communities (circulated)
- 7.21 Award of Subsidised Childcare Contracts for 2 years with the Option to extend for 12 months – report by the Director of Economic Development (circulated)
- 7.22 Property Conservation - Programme Momentum Progress Report – report by the Director of Corporate Governance (circulated)

8. Routine decisions

- 8.1 Summary Report on Property Transactions concluded under Delegated Authority – report by the Acting Director of Services for Communities (circulated)
- 8.2 Proposed Ground Lease at Craiglockhart Sports Centre to Edinburgh Kayak Club – report by the Acting Director of Services for Communities (circulated)
- 8.3 Disposal of Housing Revenue Land adjacent to 1 Murrayburn Park – report by the Acting Director of Services for Communities (circulated)
- 8.4 Proposed Servitude for a Surface Water Drainage Pipe at Katesmill Road – report by the Acting Director of Services for Communities (circulated)
- 8.5 Sale of Land at 12 – 24 Bothwell Street, Edinburgh – report by the Acting Director of Services for Communities (circulated)
- 8.6 Balcarres Street Depot: Proposed Sale to Lindemann Health Care Ltd – report by the Acting Director of Services for Communities (circulated)

Note: Members are advised that the report at 8.6 above includes an option which, if accepted, would require a change to Finance and Resources Committee item 30 of 15 January 2015. This decision can only be changed if the Convener rules a material change in circumstances.

9. Motions

- 9.1 If any

Carol Campbell

Head of Legal, Risk and Compliance

Committee Members

Councillors Rankin (Convener), Bill Cook (Vice-Convener), Corbett, Dixon, Edie,

Godzik, Griffiths, Ricky Henderson, Jackson, McVey, Ross, Walker, Whyte, Burns, (ex officio) and Howat (ex officio)

Information about the Finance and Resources Committee

The Finance and Resources Committee consists of 15 Councillors and is appointed by the City of Edinburgh Council. The Finance and Resources Committee usually meets every four weeks.

The Finance and Resources Committee usually meets in the Dean of Guild Court Room in the City Chambers on the High Street in Edinburgh. There is a seated public gallery and the meeting is open to all members of the public.

Further information

If you have any questions about the agenda or meeting arrangements, please contact Veronica MacMillan or Laura Millar, Committee Services, City of Edinburgh Council, Business Centre 2.1, Waverley Court, 4 East Market Street, Edinburgh EH8 8BG, Tel 0131 529 4283 / 0131 529 4319 or e-mail veronica.macmillan@edinburgh.gov.uk / laura.millar2@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/meetings

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

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

From: [REDACTED]
To: [Veronica Macmillan](#)
Subject: Request for deputation
Date: 06 May 2015 15:28:41

Item 3.1

Dear Ms Macmillan

Further to our phone call Merchiston CC would like to speak at the Finance and Resources meeting next week re the BHS item. Please advise.

Kind regards

Mairianna Clyde
[REDACTED]

Item 4.1 - Minutes

Finance and Resources Committee

10.00am, Thursday, 19 March 2015

Present

Councillors Rankin (Convener), Bill Cook (Vice-Convener), Corbett, Dixon, Edie, Griffiths, Ricky Henderson, Howat (substituting for Councillor Ross), Jackson, McVey, Robson (substituting for Councillor Godzik) Walker and Whyte.

1. Minutes

Decision

To approve the minute of the Finance and Resources Committee of 3 February 2015 as a correct record.

2. Business Bulletin

The Finance and Resources Committee Business Bulletin for 19 March 2015 was presented.

Decision

To note the Business Bulletin.

(Reference - Finance and Resources Committee Business Bulletin, 19 March 2015, submitted.)

3. Key Decisions Forward Plan

The Finance and Resources Committee Key Decisions Forward Plan from 19 March 2015 to 13 May 2015 was presented.

Decision

To note the Key Decisions Forward Plan from 19 March 2015 to 13 May 2015.

(Reference – Finance and Resources Committee Key Decisions Forward Plan, 19 March 2015 to 13 May 2015, submitted.)

4. Rolling Actions Log

The Finance and Resources Committee Rolling Actions Log for 29 August 2013 to 3 February 2015 was submitted.

Decision

- 1) To note the Rolling Actions Log.
- 2) To note that Items 2, 3, 8, 9, 11, 13 (action 1), 14, 15, 17, 19, 20, 21 and 26 were recommended for closure.

(Reference – Rolling Actions Log, 29 August 2013 to 3 February 2015, submitted.)

5. Health and Social Care Revenue Budget – progress update

An update was provided on the extent of the progress made towards securing the medium and longer-term sustainability of the Health and Social Care revenue budget. The Chief Executive was instructed at the Finance and Resources Committee meeting of 3 February 2015 to take forward as a matter of urgency a number of specific actions to secure the medium to long term sustainability of the Health and Social Care budget.

Decision

To note the report and that a further update would be reported to the Finance and Resources Committee on 13 May 2015.

Declaration of Interest

Councillor Edie declared a financial interest as Chair of the Care Inspectorate.

(References – Finance and Resources, 15 January 2015 (item 7); report by the Chief Executive, submitted.)

6. Health and Social Care Integration Update

A progress report on the Integration Programme was presented. This included an update on the Draft Health and Social Care Integration Scheme consultation and the approval of the Final Integration Scheme by NHS Lothian Board and City of Edinburgh Council for submission to Scottish Government.

Decision

- 1) To note that the Draft Health and Social Care Integration Scheme was approved for public consultation purposes by the Corporate Policy and Strategy Committee on 20 January 2015.
- 2) To note the consultation on the Draft Integration Scheme ended on 20 February 2015.
- 3) To note that the final Draft Integration Scheme was approved by the NHS Lothian Board on 4 March 2015 and the City of Edinburgh Council on 12 March 2015. It was submitted to Scottish Government in advance of the deadline of 31 March 2015.
- 4) To note that if the Edinburgh Integration Scheme was not approved by Scottish Government, NHS Lothian and the Council had one opportunity to revise the Scheme, and resubmit. Should a second Scheme be rejected, the Scottish Government were required by law to step in and create the Integration Authority for the Edinburgh area.
- 5) To note that the Strategic Business Case was prepared.

Declarations of Interest

Councillors Edie and Ricky Henderson declared financial interests as Chair of the Care Inspectorate and as a non-Executive Director of NHS Lothian, respectively.

(References – Act of Council (No.9), 12 March 2015; report by the Director of Health and Social Care, submitted.)

7. Health and Social Care Integration: Strategic Business Case

Details were provided of the Strategic Business Case for the Integration of Health and Social Care functions.

Decision

- 1) To note the statutory requirement of the Public Bodies (Joint Working) (Scotland) Act to integrate adult social care functions with NHS Lothian functions.
- 2) To note that Council had previously agreed that the preferred option for the Integration Authority was the Integration Joint Board.
- 3) To note the Strategic Business Case.
- 4) To note that the new statutory Strategic Plan process, undertaken by the Integration Joint Board would be the mechanism for the development of the outline business case and that detailed cases for service change would be developed as part of the implementation of the Strategic Plan.
- 5) To agree that the Corporate Programmes Office would provide support to the programme governance and financial tracking of the Health and Social Care Integration programme.
- 6) To add projected dates of the expected delivery of the key actions within the Health and Social Care Integration Programme.

Declarations of Interest

Councillors Edie and Ricky Henderson declared financial interests as Chair of the Care Inspectorate and as a non-Executive Director of NHS Lothian, respectively.

(References – Act of Council (No.9), 12 March 2015; report by the Director of Health and Social Care, submitted.)

8. BOLD Transformation Programme: Progress Report

The Committee were provided with the first bi-monthly update on the Better Outcomes through Leaner Delivery (BOLD) transformation programme and related initiatives.

Decision

- 1) To note the status of the BOLD Programme and the other related initiatives aimed at reducing cost and improving customer outcomes.
- 2) To note the proposed management and governance arrangements designed to integrate the current and future projects into a cohesive business transformation programme, as set out in Appendix one of the report.
- 3) To note the key actions in place to mobilise the programme and the high level timescale for these actions, as set out in Appendix two of the report.
- 4) To note the continued support by Ernst and Young ('EY') through the commercial excellence contract, as agreed by Council in March 2013, and as further specified in the business cases approved by the Finance and Resources Committee in January 2015.

- 5) To note the appointment of Price Waterhouse Cooper's ('PwC'), under urgency provisions by the Director of Corporate Governance, in consultation with Convener and Vice Convener of the Finance and Resources Committee at a cost of £170k, to assist the Council in the production of a high level design blueprint and a detailed design and implementation plan for the Citizens and Neighbourhoods work stream.
- 6) To note the appointment of Deloitte, under urgency provisions by the Director of Corporate Governance, in consultation with the Convener and Vice Convener of the Finance and Resources Committee at a cost of £248k, as the strategic business partner to support the Council in the production of a detailed business case and asset management strategy.
- 7) To note the presentation by the Director of Corporate Governance.

(References – Act of Council (No.8); 14 March 2013; report by the Director of Corporate Governance, submitted.)

9. An Engaged and Empowered Workforce: Workforce Strategy 2015-2020

A report was presented to Committee that outlined the Council's Workforce Strategy for 2015-2020, high level implementation plan and progress to date.

Decision

- 1) To note progress to date.
- 2) To approve the Council's Workforce Strategy 2015-2020, outlined in appendix one to the report.
- 3) To agree future phases of the workforce implementation plan outlined in appendix two of the report.

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

10. An Engaged and Empowered Workforce: 'Supporting Managers' Control Framework

Details were provided on the implementation of an enhanced management and control framework to support managers.

Decision

- 1) To note progress to date.
- 2) To agree the enhanced resource management and oversight framework 'Supporting Managers', outlined in appendix one to the report.
- 3) To note the related savings.

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

11. Revenue Budget Framework 2016-2020 Update.

Committee considered an update report on the Council's financial position following the Revenue Budget for 2015/16 being approved by Council at its meeting on 12 February 2015.

Motion

- 1) To note the updated budget gap and savings required, outlined in paragraph 3.1 of the report.
- 2) To note the comparison of the funding gap and gross/net Better Outcomes Leaner Delivery (BOLD) business case proposals in paragraph 3.3 of the report.
- 3) To instruct the Corporate Management Team (CMT) to set out proposals to manage the requirement for further reductions/savings in 2016/17 to a value of at least £20 million and to report these back to the Finance and Resources Committee in May 2015.
- 4) To request that the impact and implications of applying a cash limit approach to the Health and Social Care budget be considered as part of the report.
- 5) To instruct CMT to strengthen the tracking of implementation of approved savings and/or to action alternative sustainable measures in light of the tightening financial position.
- 6) To instruct CMT to consider how the results of the public engagement through the budget planner could be incorporated into any recommended service prioritisation arising through this process as part of the report.

- moved by Councillor Rankin, seconded by Councillor Cook

Addendum

- 1) To note the updated budget gap and savings required, outlined in paragraph 3.1 of the report.
- 2) To note the comparison of the funding gap and gross/net Better Outcomes Leaner Delivery (BOLD) business case proposals in paragraph 3.3 of the report.
- 3) To instruct the Corporate Management Team (CMT) to set out proposals to manage the requirement for further reductions/savings in 2016/17 to a value of at least £20 million and to report these back to the Finance and Resources Committee in May 2015.
- 4) To request that the impact and implications of applying a cash limit approach to the Health and Social Care budget be considered as part of the report.
- 5) To instruct CMT to strengthen the tracking of implementation of approved savings and/or to action alternative sustainable measures in light of the tightening financial position.
- 6) To instruct CMT to consider how the results of the public engagement through the budget planner could be incorporated into any recommended service prioritisation arising through this process as part of the report.

- 7) To note the report with concern, particularly the remaining budget gap in future years, the risks in the limited proposals in BOLD and other workstreams which reduced levels of reassurance that the required savings would be achieved and the lack of management tools to achieve the actions required.
- 8) To express disappointment that long running and costly programmes to transform the Council and make efficiencies now required to be recast with external resource in order to deliver and regretted that considerable resources, both financial and personnel, had been expended to date with limited results.
- 9) To call on the Chief Executive to bring forward comprehensive plans with detailed delivery metrics and timescales that would draw together the various actions from agenda items from the Finance and Resources Committee on 19 March 2015 as a comprehensive budget recovery plan that could be tracked for delivery.

- moved by Councillor Whyte, seconded by Councillor Jackson

Voting

For the motion - 9 votes

For the addendum - 3 votes

Decision

To approve the motion by Councillor Rankin.

(References – Finance and Resources Committee, 3 February 2015 (item 2); report by the Director of Corporate Governance, submitted.)

12. Health and Safety: Proposed Health and Safety Governance Framework

Approval was sought for the proposed governance and reporting framework which had been developed for health and safety, integrated within the Council Risk Management Framework.

Decision

To approve the proposed governance and reporting framework for health and safety

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

13. Health and Safety: Proposed Corporate Health and Safety Strategy for 2015/16

Committee considered the proposed Corporate Health and Safety Strategy which set out the Council's key priority areas for 2015/16.

Decision

To approve the proposed Corporate Health and Safety Strategy for 2015/16.

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

14. Property Insurance Strategy Update

Approval was sought for the Council to adopt greater levels of self insurance and benefit from the savings in premium that could be made as a result.

Decision

To approve that a £1,000,000 excess and £3,500,000 aggregate was adopted for the Council's property insurance policy.

(References – Finance and Resources Committee, 16 June 2009 (item 2); report by the Director of Corporate Governance, submitted.)

15. Customer Services Improvement Programme: Final Update

An update was provided on the Customer Services Improvement Programme (CSIP) which aimed to deliver transformational change through the provision of a high quality, responsive and proactive service for all, deliver savings of £3.2 million by 2015/16 and increase Council Tax collection by £1.2 million over 3 years.

Decision

- 1) To note the closure of the Customer Services Improvement Programme (CSIP).
- 2) To note the savings achieved of £1.5 million projected for 2014/15.
- 3) To note the increase in Council Tax collection rate of 0.9 per cent (£600,000) in 2013/14.
- 4) To note the improvements made to the customer experience, increasing customer satisfaction from 85.2 per cent to 87.4 per cent.
- 5) To note the transition of projects in delivery to Better Outcomes through Leaner Delivery (BOLD) or business as usual within Customer Services.

(References – Finance and Resources Committee, 15 January 2015 (item 17); report by the Director of Corporate Governance, submitted.)

16. Commercial Excellence Programme - Update

An update was provided on progress with regard to the Commercial Excellence programme.

Decision

To note the report.

(References – Finance and Resources Committee, 29 August 2013 (item 6); report by the Director of Corporate Governance, submitted.)

17. Contract Standing Orders – Exemption for Contracts with Statutory Organisations from the Waiver Process under Contract Standing Orders

Details were provided on the waiver process which allowed flexibility to depart from the Contract Standing Orders where justified.

Decision

- 1) To authorise the Commercial and Procurement Manager to maintain a list of statutory bodies or utilities which were exempt from the Council's Contract Standing Orders (CSOs) requirement to obtain 3 quotes or carry out a competitive tendering process and that purchases from these bodies be exempt from the waiver process because they were the sole provider by means of legislation.
- 2) To note that the Commercial and Procurement Manager would report, on an annual basis, those organisations that had been granted exemption from the waiver process based on statutory requirements.
- 3) To note that the Commercial and Procurement Manager could add or remove organisations from the list.

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

18. Award of Contract for the Management of the Private Sector Leasing Scheme

Committee considered a report that sought approval to award a new contract to Link Group Limited (Ltd), for all housing and property management functions associated with the Private Sector Leasing (PSL) scheme.

Decision

To approve the appointment of Link Group Ltd for the management of the Private Sector Leasing (PSL) scheme for three years, with the option to extend for up to a maximum of two years.

Declarations of Interest

Councillor Corbett declared a financial interest as an employee of Shelter Scotland.

(References – Finance and Resources Committee, 24 August 2010 (item 33); report by the Acting Director of Services for Communities, submitted).

19. Housing Asset Management Framework – Award of Contract

Approval was sought to award a multi-lot framework agreement to the most economically advantageous organisations identified following a competitive tendering process.

Decision

- 1) To approve the award of Lot 1 Electrical Rewiring, Refit, Smoke Detectors and associated works, as part of the Housing Asset Management (HAM) Framework to Lakehouse Contracts Ltd, McGill, Nicolson Brothers and Amey at an estimated contract value of £1.02 million per annum.
- 2) To approve the award of Lot 2 General Fabric Repairs and Improvements for less than £1 million, as part of the HAM Framework to Border Construction, Maxi Construction Ltd and Morris and Spottiswood at an estimated contract value of £1.20 million per annum.

- 3) To approve the award of Lot 3 General Fabric Repairs and Improvements greater than £1 million as part of the HAM Framework to Keepmoat, CCG, Lakehouse Contracts Ltd, Turner Facilities, Morris and Spottiswood and Border Construction at an estimated contract value of £6 million per annum.
- 4) To approve the award of Lot 4 Windows and Doors Supply and Install as part of the HAM Framework to Anglian, CCG and Sovereign Group Ltd at an estimated contract value of £1.20 million per annum.
- 5) To approve the award of Lot 5 Kitchen and Bathrooms, Supply and Install as part of the HAM Framework to Lakehouse Contracts Ltd, Keepmoat, CCG and McGill at an estimated contract value of £7.20 million per annum.
- 6) To approve the award of Lot 6 Lift Replacement, Refurbishment and Upgrading Works as part of the HAM Framework to Lift Maintenance Ltd, Kone PLC, Consult Lifts Services and Omega Lift Services at an estimated contract value of £0.42 million per annum.
- 7) To approve the award of Lot 7 Mechanical Installations and Upgrading Works as part of the HAM Framework to McGill and Gas Call Services at an estimated contract value of £0.84 million per annum.
- 8) To approve the award of Lot 8 Door Entry Installation and Upgrading Work as part of the HAM Framework to McGill, Martec Engineering Ltd and Eden Group at an estimated contract value of £0.36 million per annum.
- 9) To approve the award of Lot 9 Painting, Decorating and associated preparation works, Internal and External as part of the HAM Framework to Mitie Property Services Ltd, Bell Decorators Group Ltd and H and J Martin at an estimated contract value of £0.09 million per annum.
- 10) To approve the award of Lot 10 Adaptations, Ramp Installations for Disabled Access as part of the HAM Framework to Martec Engineering Ltd and Maxi Construction Ltd at an estimated contract value of £0.06 million per annum.
- 11) To approve the award of Lot 11 Distribution Pipework, Removal and Replacement as part of the HAM Framework to McGill, Clancy Docwra Ltd and Blackbourne Integrated M and E at an estimated contract value of £0.15 million per annum.
- 12) To approve the award of Lot 12 Demolition as part of the HAM Framework to JCJ Demolition, Daltons Demolitions Ltd and Construction Ltd and Coleman and Company Ltd at an estimated contract value of £1.20 million per annum.
- 13) To approve the award of Lot 13 Energy Efficiency Installations as part of the HAM Framework to Everwarm, Keepmoat and McGill at an estimated contract value of £0.24 million per annum.
- 14) To note the contract values above were reflective of historical spend on these services over the previous three financial years, and that the scope of works may fluctuate subject to budget allocation. It should be noted a 20 per cent volume uplift had been added to all lots to cover any increased work flow or other departmental usage.

(References –Health, Social Care and Housing Committee, 11 November 2014 (item 12); report by the Acting Director of Services for Communities, submitted).

20. Transfer of General Fund Sites to Housing Revenue Account for Housing Development – referral report from the Economy Committee

The Economy Committee on 13 February 2015 considered a report which sought approval to transfer ownership of five sites, currently held on the General Fund, to the Housing Revenue Account, for the purpose of affordable housing development. The Economy Committee approved the transfer of the sites and referred the report to the Finance and Resources Committee for ratification.

Decision

To ratify the decision of the Economy Committee to transfer five sites to the Housing Revenue Account by way of debt transfer.

(References – Health, Social Care and Housing Committee, 11 November 2014 (item 14); report by the Acting Director of Services for Communities, submitted).

21. Contract Extension for Nice Works Ltd (Maintenance and Support of Bespoke Databases)

Approval was sought to extend the current contract with Nice Works Ltd until 31 March 2016. The contract was a maintenance agreement that covered the technical support of business critical databases within Housing and Regeneration and Community Safety in Services for Communities

Decision

To approve a waiver of the Council's Contract Standing Orders, to allow technical support to continue to be delivered by Nice Works Ltd for business critical databases for an additional year, until 31 March 2016.

(Reference – report by the Acting Director of Services for Communities, submitted).

22. Carer Support Services

A report was presented that sought approval to award contracts for Carer Support Services for the term of three years, with an option to extend for up to one year.

Decision

- 1) To approve the award of contracts for the duration of three years, with an option to extend for up to one year, to the providers listed below for each respective lot of the tender:

Lot No.	Description	Provider	Estimated Annual Value
Lot 1	Identifying Carers	VOCAL	£70,000
Lot 3	Carer Health and Wellbeing	VOCAL	£30,000

Lot 4	Carer Respite	Carr Gomm	£288,000
Lot 5	Young Adult Carers	Cornerstone	£47,006
Lot 6	Personalised Support	VOCAL	£90,000

- 2) To note that tenders received for Lot 2 Training and Advice did not satisfy the requirements of the specification; that the specification was subsequently reviewed and revised; and that the revised requirements were retendered. To approve the award of contracts for the duration of three years, with an option to extend for up to one year, to the provider listed below for each respective lot of the retender:

Lot No.	Description	Provider	Estimated Annual Value
Lot 2(1)	Training courses related to caring situation	VOCAL	£30,000
Lot 2(2)	Training programme for carer personal development and wellbeing	VOCAL	£30,000
Lot 2(3)	Information and advice about welfare rights and financial planning	VOCAL	£30,000

Declarations of Interest

Councillor Edie declared a financial interest as Chair of the Care Inspectorate.

(References – Corporate Policy and Strategy Committee, 13 May 2014 (item 10); report by the Director of Health and Social Care, submitted.)

23. One to One Day Service for Older People – Non Centre Based - from 1st July 2015 to 30th June 2018 with option to extend for up to 12 months

Committee considered a report that sought approval to award a contract for a One to One Day Service for Older People – Non Centre Based for the term of three years, with an option to extend for up to one year.

Decision

- 1) To approve the award of a three year contract to Carr Gomm for provision of a One to One Day Service - Non Centre Based, with the option to extend the contract for up to a further twelve months.
- 2) To approve the extension of the current contract with existing provider until 30 June 2015 to allow transition to the new provider.

Declarations of Interest

Councillor Edie declared a financial interest as Chair of the Care Inspectorate.

(Reference – report by the Acting Director of Services for Communities, submitted.)

24. Road Safety Consultancy Service

Approval was sought to award the Road Safety Consultancy Service contract to AECOM Limited for two years with an option to extend for a further year.

Decision

To approve the award of the Road Safety Consultancy Service contract to AECOM Limited for a period of two years with an option to extend for a further year.

(Reference – report by the Acting Director of Services for Communities, submitted.)

25. Extension of Children and Families Care Contract

Approval was sought to further extend the contract with Dean and Cauvin Trust up to 31 March 2017 with the current contract value price of £817,428 per annum.

Decision

To approve the further extension of the contract with Dean and Cauvin Trust for Residential Care Services, due to expire on the 31 March 2015, until 31 March 2017.

Declarations of Interest

Councillor Edie declared a financial interest as Chair of the Care Inspectorate.

(References – Education, Children and Families Committee, 11 September 2014 (items 7 and 14); report by the Director of Children and Families, submitted.)

26. National Framework Agreement for Children’s Residential Care and Education Services

A report was presented which sought approval to adopt the national framework agreement for children’s residential care and education services, arranged by Scotland Excel, the centre of procurement expertise for Scottish local government collaborative procurement.

Decision

- 1) To approve the adoption of the national framework agreement for use by the City of Edinburgh Council to contract with and make placements with independent providers of children’s residential care and education services.
- 2) To note that the Council would continue to contract with independent providers that were not on the national framework agreement, if the Council considered that any such provider was better suited to meet the needs of a particular child or young person.

Declarations of Interest

Councillor Edie declared a financial interest as Chair of the Care Inspectorate.

(Reference – report by the Director of Children and Families, submitted.)

27. Pan-Scotland Local Authority Business Loan Fund

Details were provided of proposals that had been developed by boards of East of Scotland Investment Fund (ESIF), the West of Scotland Loan Fund (WSLF), the Scottish Local Authority Economic Development Group (SLAED) and the Scottish Government to form a new £18 million Pan-Scotland Local Authority Business Loan Fund.

Decision

- 1) To note the proposal to create a Pan-Scotland Local Authority Business Loan Fund Company with membership offered to all 32 Scottish local authorities.
- 2) To support the Council's membership of the new fund and to remit to Full Council for approval.
- 3) To recommend that Council delegated authority to the Director of Economic Development in consultation with Head of Legal, Risk and Compliance to enter into the necessary legal agreements to allow the Council to become a member of Scottish Local Authority Business Loan Fund Limited; and transfer of funds from both existing schemes (ESIF and ESBLF) to the new company.

(References – Economic Development Committee, 9 March 2010 (item 3); report by the Director of Economic Development, submitted.)

28. Property Conservation – Programme Momentum Progress Report

An update was provided on the progress of the property conservation programme momentum.

Decision

- 1) To note the management information dashboard reports in Appendix one of the report.
- 2) To note the extension to the scope of the Morton Fraser debt recovery process which would be contained within existing budgets.
- 3) To note the interim management arrangements.
- 4) To agree that a report would be brought back to the Finance and Resources Committee on how a high level of customer care was provided at the same time as recovering outstanding debts

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

29. Property Conservation - Programme Momentum Review - July 2014 - February 2015

Committee were provided with a review of the status and progress to date of Programme Momentum and the risks challenges and estimated timescales to close the legacy service.

Decision

- 1) To note the progress of the programme against the defined success criteria at Appendix one of the report.
- 2) To note the remaining risks and challenges to the programme at Appendix one of the report.
- 3) To note the remaining activity and estimated timescales to close the legacy service at Appendix one of the report.

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

30. Shared Repairs Service – Revised Implementation Plan

A number of options were presented to the Committee for delivery of the new Shared Repairs Service in light of the reduced budget as agreed at Full Council on 12 February 2015.

Decision

- 1) To note that the full service as detailed in the original blueprint could not be delivered by September 2015 with the reduced level of funding.
- 2) To approve option one which would pilot the service from September 2015 in line with the target implementation date, but would delay the full launch until March 2016 and would retain the emergency service in the interim period.
- 3) To note that proceeding with option one would incur an investment of £1.5 million in 2015/16 and effectively committed the Council to an expenditure of £1.54 million in 2016/17 or risked significant abortive costs being incurred.

(Reference – report by the Acting Director of Services for Communities, submitted.)

31. Land at Kinleith Mills – Proposed Disposal

Approval was sought to sell 599sq m of land, adjoining a residential development site at Kinleith Mills, Currie to CALA Homes (East) for a price of £27,500 (inclusive of legal and surveyors fees).

Decision

To approve the disposal of the land at Kinleith Mills, extending to 599sq m or thereby, on the terms and conditions outlined in the report, and on such terms and conditions to be agreed by the Acting Director of Services for Communities and the Head of Legal Risk and Compliance.

(Reference – report by the Acting Director of Services for Communities, submitted.)

32. Porthaven Care Home – Proposed Disposal

Committee considered a report that sought approval to sell Porthaven Care Home to Port of Leith Housing Association (POLHA), and subsequently lease back the property until the home had been vacated. POLHA owned an adjoining site and intended to convert the property into flats for older people.

Decision

- 1) To approve the sale of the property to Port of Leith Housing Association, in accordance with the terms set out in the report, and on such other terms and conditions to be agreed by the Acting Director of Services for Communities and Head of Legal, Risk and Compliance.
- 2) To approve the lease back of the property by the Council at a nominal rent until such time as the operation had transferred to the new Royston Care Home.

(Reference – report by the Acting Director of Services for Communities, submitted.)

33. Proposed Lease Extension at 36 Nicolson Street, Edinburgh

Details were provided of the lease of the retail unit at 36 Nicolson Street which was let to MBBC (Foods) Limited and traded as KFC. The lease was due to expire and approval was sought for a 10 year extension to the lease.

Decision

To approve a 10 year lease extension to MBBC (Foods) Limited, of retail premises at 36 Nicolson Street, Edinburgh, on the terms outlined in the report, and on other terms and conditions to be agreed by the Acting Director of Services for Communities and the Head of Legal, Risk and Compliance.

(Reference – report by the Acting Director of Services for Communities, submitted.)

34. Proposed sale of a site at 22 Potterrow

Information was provided on the outcome of the selection process to identify a buyer for the site at 22 Potterrow and approval was sought to sell the site to Macdonald Estates on terms and conditions outlined in the report.

Decision

- 1) To approve the sale of the development site at 22 Potterrow, to Macdonald Estates plc, on terms and conditions as set out in the report, and on other terms and conditions to be agreed by the Acting Director of Services for Communities and the Head of Legal Risk and Compliance.
- 2) To approve the reconveyance of the basement area, to the University Court of the University of Edinburgh, on terms and conditions set out in the report and on the other terms and conditions to be agreed by the Acting Director of Services for Communities and the Head of Legal Risk and Compliance.

(References – Policy and Strategy Committee, 24 February 2009 (item 7); report by the Acting Director of Services for Communities, submitted.)

35. Proposed new lease to Gallery Support Group at Unit the Clocktower, Flassches Yard, South Gyle Industrial Estate, Edinburgh

Approval was sought to grant a new seven year lease from 28 March 2017 to Gallery Support Group (GSG) for Unit 2 Clocktower, Flassches Yard, South Gyle Industrial Estate.

Decision

To approve a lease to GSG, from 28 March 2017 to 31 December 2024, on the terms outlined in the report, and on other terms and conditions to be agreed by the Acting Director of Services for Communities and the Head of Legal, Risk and Compliance. (Reference – report by the Acting Director of Services for Communities, submitted.)

36. Land adjacent to Maybury Road – Proposed Acquisition

Committee considered a report that sought approval for the acquisition of an area of land from Scottish Ministers to grant servitude right of access over the land to West Craigs Ltd and to enter into an agreement with Network Rail to indemnify the Council for all costs associated with the land transactions.

Decision

- 1) To approve the acquisition of 0.76Ha or thereby of land from Scottish Ministers at Maybury Road.
- 2) To approve the grant of a servitude right of access over the land to West Craigs Ltd.
- 3) To approve an agreement with Network Rail to indemnify the Council for all costs associated with these transactions.
- 4) To approve completion of these transactions, in accordance with the terms outlined in the report, and on such other terms and conditions to be agreed by the Acting Director of Services for Communities and Head of Legal, Risk and Compliance.

(Reference – report by the Acting Director of Services for Communities, submitted.)

37. Merchant Navy Memorial, Leith

Committee considered a report on the terms to acquire the Merchant Navy Memorial and the assignment of its tenant's interest in the 175 year ground lease, to the Council.

Decision

- 1) To approve the assignation of the tenant's interest, in the ground lease between Forth Ports PLC and the Merchant Navy Memorial Trust (Scotland), from the Merchant Navy Memorial Trust to the Council, on the provisionally agreed terms and conditions set out in the report, and on the other terms and conditions to be agreed by the Acting Director of Services for Communities and the Head of Legal, Risk and Compliance.
- 2) To approve the transfer of the ownership of the Merchant Navy Memorial to the City of Edinburgh Council at the same time.

(Reference – report by the Acting Director of Services for Communities, submitted.)

38. Resolution to consider in private

Decision

The Committee, under Section 50(A)(4) of the Local Government (Scotland) Act 1973, excluded the public from the meeting for the following items of business on the grounds that they involved the disclosure of exempt information as defined in Paragraphs 6 and 9 of Schedule 7(A) of the Act.

39. Property Conservation – Irrecoverable Sums; Debt Recovery and Settlements

An update was provided on irrecoverable sums approved under delegated authority and approval was sought for irrecoverable sums in excess of £100,000 per project.

Decision

- 1) To note the irrecoverable sums of less than £50,000 authorised under delegated authority in Appendix 1 of the report.
- 2) To authorise the irrecoverable sums in excess of £100,000 per project as set out in Appendix two of the report.
- 3) To note the settlement sums authorised to complainants and other affected owners under delegated authority in Appendix three of the report.
- 4) To note the provision for impairments and settlements in Appendix four of the report.
- 5) To agree that a report would be brought back to a future meeting of the Finance and Resources Committee on a review of the statutory notices that had been incorrectly issued.

(References – Finance and Resources Committee, 3 February 2015 (item 31); report by the Director of Corporate Governance, submitted.)

40. Connected Capital Programme

Details were provided on Edinburgh's 'Connected Capital' programme to the Urban Broadband Fund (UBF) as part of the UK Government's Super-Connected Cities Initiative and approval was sought for the wireless concession procurement.

Decision

Detailed in the Confidential Schedule, signed by the Convener, with reference to this minute.

(References – Finance and Resources Committee, 20 March 2014 (item 9); report by the Director of Corporate Governance, submitted.)

41. 8-20 King Stables Road – Update on Disposal – referral from the Economy Committee

The Economy Committee on 13 February 2015 considered a report which detailed the selection process carried out to identify the preferred bidder for the disposal of 8-20 King's Stables Road, and sought approval to sell the property to Peveril Securities/Campus Design Management Limited on the terms and conditions outlined in the report. The Economy Committee approved the disposal of the property and referred the report to this Finance and Resources Committee for ratification.

Decision

To ratify the decision of the Economy Committee to dispose of 8-20 King's Stables Road to Peveril Securities/Campus Design Management, on the terms set out in the report, and on such other terms and conditions to be agreed by the Acting Director of Services for Communities and Head of Legal, Risk and Compliance.

Dissent

Councillor Corbett requested that his dissent was recorded in respect of the above decision.

(References – Economy Committee, 22 May 2014 (item 18); report by the Acting Director of Services for Communities, submitted.)

42. Miscellaneous Debts – Write Off

Information was provided on miscellaneous debt that was outstanding and deemed uncollectible. Approval was sought to write-off these sums.

Decision

- 1) To agree the write-off of miscellaneous debt of £105,528.85.
- 2) To note the position on the use of registered inhibitions as part of the debt recovery process.

(References – Corporate Policy and Strategy Committee, 2 December 2014 (item 9); report by the Director of Corporate Governance, submitted.)

Item 6.1 - Key decisions forward plan

Finance and Resources Committee

[13 May – 4 June 2015]

Item	Key decisions	Expected date of decision	Wards affected	Director and lead officer	Coalition pledges and Council outcomes
1.	Edinburgh's Christmas & Hogmanay: extension to consortium's contract	4 June 2015		Director: Alastair Maclean, Director of Corporate Governance Lead Officer: Lynne Halfpenny, Head of Culture & Sport Lynne.Halfpenny@edinburgh.gov.uk	
2.	Transformation programme: progress report	4 June 2015		Director: Alastair Maclean, Director of Corporate Governance Lead Officer: Jim McIntyre, Programme Manager jim.mcintyre@edinburgh.gov.uk	
3.	Governance framework – Finance policies annual assurance review	4 June 2015		Director: Alastair Maclean, Director of Corporate Governance	

Item	Key decisions	Expected date of decision	Wards affected	Director and lead officer	Coalition pledges and Council outcomes
				Lead Officer: Hugh Dunn, Head of Finance, hugh.dunn@edinburgh.gov.uk	
4.	Property Conservation – Progress Report	4 June 2015		Director: Alastair Maclean, Director of Corporate Governance Lead Officer: Andrew Field, andrew.field@edinburgh.gov.uk	
5.	Financial Strategy	4 June 2015		Director: Alastair Maclean, Director of Corporate Governance Lead Officer: Hugh Dunn, Head of Finance, hugh.dunn@edinburgh.gov.uk	
6.	Health and Social Care – budget update	4 June 2015		Director: Alastair Maclean, Director of Corporate Governance Lead Officer: Hugh Dunn, Head of Finance, hugh.dunn@edinburgh.gov.uk	
7.	Corporate Debt Policy	4 June 2015		Director: Alastair Maclean, Director of Corporate Governance	

Item	Key decisions	Expected date of decision	Wards affected	Director and lead officer	Coalition pledges and Council outcomes
				Lead Officer: Hugh Dunn, Head of Finance, hugh.dunn@edinburgh.gov.uk	
8.	Home Energy Efficiency Programmes for Scotland: Area Based Schemes Update	4 June 2015		Director: John Bury, Acting Director of Services for Communities Lead Officer: Cathy King, Head of Housing & Regeneration, cathy.king@edinburgh.gov.uk	
9.	B&B Procurement	4 June 2015		Director: John Bury, Acting Director of Services for Communities Lead Officer: Cathy King, Head of Housing & Regeneration, cathy.king@edinburgh.gov.uk	
10.	21st Century Homes: Leith Fort Procurement	4 June 2015		Director: John Bury, Acting Director of Services for Communities Lead Officer: Cathy King, Head of Housing & Regeneration, cathy.king@edinburgh.gov.uk	
11.	Contract extension of Short Term Lets	4 June 2015		Director: John Bury, Acting Director of Services for Communities	

Item	Key decisions	Expected date of decision	Wards affected	Director and lead officer	Coalition pledges and Council outcomes
				Lead Officer: Cathy King, Head of Housing & Regeneration, cathy.king@edinburgh.gov.uk	
12.	Roseburn to Union Canal - Commissioning of the next stage of the Consultancy Contract	4 June 2015		Director: John Bury, Acting Director of Services for Communities Lead Officer: Allan Hutchison, allan.hutcheon@edinburgh.gov.uk	
13.	Fountainbridge : Transfer of land to the EDI Group	4 June 2015		Director: John Bury, Acting Director of Services for Communities Lead Officer: Peter Watton, Acting Head of Corporate Property, peter.watton@edinburgh.gov.uk	
14.	Proposed new lease to Highland Care agency Ltd at 4 Granton Square, Edinburgh	4 June 2015		Director: John Bury, Acting Director of Services for Communities Lead Officer: Peter Watton, Acting Head of Corporate Property, peter.watton@edinburgh.gov.uk	

Item	Key decisions	Expected date of decision	Wards affected	Director and lead officer	Coalition pledges and Council outcomes
15.	Proposed new 15 years lease of Tourist Information Centre, Princes Mall, Edinburgh	4 June 2015		Director: John Bury, Acting Director of Services for Communities Lead Officer: Peter Watton, Acting Head of Corporate Property, peter.watton@edinburgh.gov.uk	
16.	Depot Review Update	4 June 2015		Director: John Bury, Acting Director of Services for Communities Lead Officer: Peter Watton, Acting Head of Corporate Property, peter.watton@edinburgh.gov.uk	
17.	Update report on Redhall House and Grounds, Redhall House Drive, Edinburgh	4 June 2015		Director: John Bury, Acting Director of Services for Communities Lead Officer: Peter Watton, Acting Head of Corporate Property, peter.watton@edinburgh.gov.uk	
18.	Health and Social Care Integrated Senior Management Structure	4 June 2015		Director: Peter Gabbitas, Director of Health and Social Care Lead Officer: Peter Gabbitas, peter.gabbitas@edinburgh.gov.uk	

Item	Key decisions	Expected date of decision	Wards affected	Director and lead officer	Coalition pledges and Council outcomes
19.	Replacement of Oxfangs YPC	4 June 2015		Director: Gillian Tee, Director of Children and Families Lead Officer: Alistair Gaw, alistair.gaw@edinburgh.gov.uk	

Item 6.2 - Rolling Actions Log

Finance and Resources Committee

29 August 2013 – 19 March 2015

1	29-08-13	People's Network Public Internet Access	To request further exploration of opportunities to extend the accessibility of the service in venues in addition to libraries.	Director of Services for Communities	May 2015		
2	05-06-14	Property Conservation - Complaints Resolution	1) To repeal the Committee decisions of 31 October 2013 and 3 February 2014.	Director of Corporate Governance	Ongoing		Ongoing
			2) To instruct the Chief Executive to report back to the Finance and Resources Committee by the end of September 2014, setting out how various complaints were categorised, and in relation to debt recovery, an aged debt analysis and breakdown by value,				Monthly reports were brought to F+R Committee that contain this information - ongoing

			and by the end of December 2014, setting out what (if any) complaints remained unresolved.				
			3) To agree that monthly update reports would be brought to the F+R Committee.				Ongoing
3	05-06-14	Redhall House and Lawn - Options for Action	To note that a further report detailing progress would be submitted to the Finance and Resources Committee by the end of 2014.	Acting Director of Services for Communities	31-12-14		Report to F+R Committee 27 November 2014 and further updates would be provided to the F+R Committee – ongoing.
4	30-07-14	Cost of Care at Home	To request that progress reports were brought to the Finance and Resources Committee in December 2014 and March 2015.	Director of Health and Social Care	Ongoing		Report would be brought to the F+R Committee on 13 May 2015 – ongoing.
5	30-07-14	Waiver Report - Clothing Voucher Scheme	To request a report was brought to the next meeting of the Finance and Resources Committee detailing the management process for dealing with	Director of Children and Families	28-08-14		

			contracts.				
6	30-09-14	2015/18 Revenue and Capital Budget Framework	1) To instruct the Chief Executive to bring a business plan for each theme to Finance and Resources in December 2014, to include all financial due diligence including: risk register, people plan, savings analysis underpinned by robust management information.	Chief Executive/ Director of Corporate Governance	15-01-15		Report was brought to the F+R Committee 15 January 2015. Further reports would be brought to the F+R Committee 19 March and 13 May 2015 – ongoing.
			2) To agree that each quarterly assessment, of a three year budget framework, was both monitored and subsequently verified by the Finance and Resources Committee against delivery of each theme.	Chief Executive/ Director of Corporate Governance	Ongoing		Report to be brought to F+R Committee of 3 February 2015 - ongoing
7	30-10-14	Revenue Monitoring 2014-15 Half-Year Position	1) To instruct the Director of Health and Social Care to identify proposed measures to bring expenditure back into line with approved	Director of Health and Social Care/Director of Corporate Governance			Ongoing

			levels and report these at period 8.				
8		Revenue Monitoring 2014-15 Half-Year Position	2) In relation to all other debts owed to the Council to establish an Officer/Member Working Group with a remit to review the Corporate Debt Policy and report to the Finance and Resources Committee in January 2015, to allow any recommendations to be considered as part of budgetary process. Membership would comprise of the Convener and Vice Convener of the Committee, one member from each political group represented on the Committee and two officers nominated by the Head of Finance. Substitutes may be appointed from the same political group. The Vice-Convener		15-01-15		Findings of the Working Group would be reported back to the F+R Committee in Spring 2015 – ongoing.

			would be the chair of the working group. Meetings would be clerked and minuted by Committee Services, who will also track the Working Group's actions/delivery. A schedule of meetings would be agreed at the first meeting.				
9	27-11-14	Adult Social Care Budget Pressures, 2014/15	To instruct the Director of Health and Social Care to report to Finance and Resources Committee on the progress of talks with NHS Lothian on this matter.				Ongoing
10	15-01-15	Rolling Actions Log Finance and Resources Committee	To investigate the absence of the report on acting up arrangements and secondments within the council and to secure a date when it would be brought to the Committee.	Committee Services			Acting up arrangements was considered as part of the BOLD report on Workforce Management that would be brought to the F+R Committee on 19 March 2015 – closed.

		Rolling Actions Log Finance and Resources Committee	To circulate the briefing on Zero Contract Hours previously received by the Convener to members of the Finance and Resources Committee.				A briefing was circulated to members on 22 January 2015. The Convener and Vice Convener would decide if a report was required to come to a future meeting of the F+R Committee.
11	15-01-15	Governance of Major Projects	1) The Director of Corporate Governance would pursue progress with senior officers at BT regarding the Learning and Teaching Refresh (bandwidth upgrades).	Director of Corporate Governance	As soon as possible		
			2) An update would be provided to the Finance and Resources Committee on 3 February 2015 regarding progress		03-02-15	19-03-15	A briefing note would be circulated to members and a report would be brought to the F+R Committee

			<p>on the Water of Leith, Flood Prevention Scheme Phase 2.</p> <p>3) To include a reference to Phase 2 of the Niddrie Burn Restoration in future reports to the Finance and Resources Committee.</p>				on 19 March 2015 – ongoing.
12	15-01-15	Council's Budget 2015-16 - Risks and Reserves	To agree that the Head of Finance would discuss the proposed allocation of £7.5 million from the Capital Fund to support additional capital investment priorities with each political group.	Director of Corporate Governance	As soon as possible		Part of Budget Process considered in February 2015 – closed.
13	15-01-15	Transport Marshalls – Request for Contract Extension	To request a report detailing management information for contracts and the process which they are controlled was brought to the Finance and Resources Committee in May 2015.	Acting Director of Services for Communities	13-05-15		Report to be brought to the F+R Committee on 13 May 2015 – ongoing
14	15-01-15	Surplus Council	To request a briefing was	Acting	As soon as		

		Property Assets - referral from Economy	circulated to members of the Finance and Resources Committee containing further information on the access strip at Whitehill.	Director of Services for Communities	possible		
15	03-02-15	Health and Social Care Financial Position 2014/2015	To bring back a report on the progress made on the review of the current financial position within Health and Social Care.	Chief Executive	19 March 2015		Report brought to the F+R Committee on 19 March 2015 – ongoing – closed.
16	03-02-15	Council Revenue Budget Framework 2015/18 - Impact Assessments	Further information to be provided to Councillor Edie on the impact and implications of CF15 described in the report.	Director of Corporate Governance	As soon as possible		Part of Budget Process considered in February 2015 – closed.
17	03-02-15	Commercial and Procurement Services - Contract Register Update	To provide Councillor Whyte with the top percentage figure expected in terms of spend with contracted suppliers.	Director of Corporate Governance	As soon as possible		Part of Budget Process considered in February 2015 – closed.
18	03-02-15	External Funding Initiative - Spend to Save Programme	1) The Head of Finance to liaise with Economic Development to ensure that the fundraising money was classified as additional income.	Director of Economic Development/ Head of Finance	As soon as possible		

			2) Economic Development to confirm if the progress of the activities described in 3.11(f) of the report would be reported back to the Finance and Resources Committee.				
19	03-02-15	Review of Community Access to Schools (CATS) - Revised Scale of Charges	To provide further information to Councillor Corbett on those that would be negatively impacted by the revised scale of charges and to confirm if impact assessments had been carried out on the affected parties.	Director of Children and Families	As soon as possible		Information provided to Councillor Corbett – closed.

Finance and Resources Committee

2.00pm, Wednesday, 13 May 2015

Health and Social Care revenue budget – further progress update

Item number	7.1
Report number	
Executive/routine	
Wards	

Executive summary

At its meeting on 3 February, the Finance and Resources Committee approved a Capital Coalition motion instructing the Chief Executive to take forward as a matter of urgency a number of specific actions geared towards securing the medium and longer-term sustainability of the Health and Social Care revenue budget.

An initial update was considered by the Committee on 19 March and this report sets out the extent of further progress.

Links

Coalition pledges	P30
Council outcomes	CO25
Single Outcome Agreement	n/a

Health and Social Care revenue budget – further progress update

Recommendations

- 1.1 It is recommended that members of the Finance and Resources Committee note the contents of the report and that a further update, including the initial results of the external review, will be considered by the Committee on 4 June.

Background

- 2.1 Members will be aware of a series of reports considered by the Committee over recent months highlighting acute demand-led budget pressures affecting the Health and Social Care service.
- 2.2 Given both the underlying nature and magnitude of these pressures, in considering an update report at the meeting of 3 February, members of the Finance and Resources Committee approved a Capital Coalition motion instructing the Chief Executive to take forward a number of specific actions.
- 2.3 Initial progress against these actions was reported to the Committee's meeting of 19 March. The following sections set out additional steps undertaken since that time.

Main report

Review of the overall Health and Social Care budget

- 3.1 The report to the Committee's previous meeting indicated that a timetable for monthly budget and challenge meetings had been established. Two Health and Social Care-focused meetings have now been held and these have served as a useful forum to explore in greater detail some of the underlying demographic drivers of increased demand and how the resulting cost pressures have been, or might be, addressed. A further meeting is planned in late May.

2014/15 outturn

- 3.2 Work to finalise the service outturn is on-going and a verbal update will be provided at the meeting. Council has previously approved the use of up to £4.75m from the Council Priorities Fund to address the service overspend in 2014/15.

2015/16 budget – savings assurance review and management of pressures

- 3.3 The approved Health and Social Care service budget for 2015/16 is underpinned by the delivery of some £7.5m of savings. In common with all other service areas, a further savings assurance exercise was undertaken in late March and a number of specific proposals were prioritised for the finalisation of associated delivery plans or, in a small number of cases, development of alternative proposals. Progress in delivering these savings will be monitored closely during the year and any significant issues around implementation emerging reported to the Finance and Resources and Health, Social Care and Housing Committee as appropriate.
- 3.4 The Director of Health and Social Care has identified net unmitigated pressures of £6m in 2015/16, although significant risks also exist around some of these associated mitigating measures. The Director will report separately to the Committee's next meeting on options to bring expenditure back within approved levels. As with the delivery of approved savings, the position will continue to be reviewed on an at-least monthly basis and progress reported to the Senior Management Team and Committee.

Financial planning and external service review

- 3.5 The Director continues to convene regular financial planning sessions with the Senior Management Team and individual "star chamber" meetings with service managers, reinforcing his overriding responsibility to maintain expenditure within approved levels. As noted in the previous report, an external review has also been commissioned, examining the background to the service's current financial difficulties, providing independent assurance around the robustness of implementation plans for approved savings and examining potential options to re-establish financial stability going forward.
- 3.6 Following a workshop in mid-April to discuss and validate findings with the service, the report's contents are currently being finalised and will therefore be included in the further service update to be considered by the Committee on 4 June.

Consideration of cash-limiting approach

- 3.7 The progress update of 19 March also pointed to consideration of a potential "cash-limiting" approach for the service from 2016/17, similar to arrangements for the former Police and Fire and Rescue Joint Boards where the authorities concerned requisitioned sums from constituent authorities. The implications of adopting such an approach need to be considered alongside on-going moves towards establishing an integration joint board and, as noted in the revenue budget update report elsewhere on today's agenda, a specific recommendation in this area will therefore be made as part of Committee's consideration of the Council's wider financial strategy on 4 June.

Measures of success

- 4.1 The primary priority is to re-establish the sustainability of the Health and Social Care budget prior to the transition to integrated arrangements with NHS Lothian effective from April 2016.
- 4.2 The improvements to the budget setting and budget monitoring processes are geared towards contributing to the following wider objectives:
 - savings are delivered in accordance with the approved budget, particularly where these are linked to additional service investment;
 - where changes to approved savings require to be made, these are reported to elected members through the monitoring process; and
 - reduced dependency on one-off solutions to budget pressures through budget realignment.

Financial impact

- 5.1 The programme of actions set out in this report will contribute positively towards closer reporting and scrutiny of financial performance and enhance the robustness of savings proposals developed going forward.
- 5.2 The cost of the external service review has been limited to £39,000 and will be met from within the approved overall allocation from the Council Priorities Fund.

Risk, policy, compliance and governance impact

- 6.1 As noted above, the actions set out in the report will strengthen financial management and scrutiny at both the proposal development and subsequent tracking stage.

Equalities impact

- 7.1 The approved proposals for 2015/16 have, where appropriate, been the subject of equalities and rights impact assessments. Any alternative measures employed in maintaining expenditure within budgeted levels will be the subject of similar consideration.

Sustainability impact

- 8.1 There is no direct sustainability impact arising from the report's contents.

Consultation and engagement

- 9.1 The report sets out a framework through which to re-establish the stability of the Health and Social Care budget. Where this process results in recommendations affecting particular client groups, full consultation with elected members, service users and advocacy groups will be undertaken.
- 9.2 As was the case in 2015/16, it is anticipated that budget proposals developed for 2016/17 will be the subject of a three-month period of public engagement.

Background reading/external references

[Adult Social Care Budget Pressures, 2014/15: Update](#), Finance and Resources Committee, 15 January 2015

[Health and Social Care revenue budget – progress update](#), Finance and Resources Committee, 19 March 2015.

Sue Bruce

Chief Executive

Contact: Hugh Dunn, Head of Finance

E-mail: hugh.dunn@edinburgh.gov.uk | Tel: 0131 469 3150

Links

Coalition pledges	P30 – Continue to maintain a sound financial position including long-term financial planning
Council outcomes	CO25 – The Council has efficient and effective services that deliver on objectives
Single Outcome Agreement	n/a
Appendices	None

Finance and Resources Committee

Wednesday, 13 May 2015

Health and Social Care Integration – Update

Item number	7.2
Report number	
Executive/routine	
Wards	All

Executive summary

This report presents an update on the Health and Social Care Integration Scheme.

It reports progress of the Integration Scheme, notes the need to review Council governance arrangements in light of operational responsibility of IJB and provides an indicative timetable for the establishment of the IJB and delegation of functions and resources.

Links

Coalition pledges	P12 and P43
Council outcomes	CO10, CO11, CO12, CO13, Co14, Co15
Single Outcome Agreement	SO2

Health and Social Care Integration – Update

Recommendations

- 1.1 Members are recommended to note:
 - 1.1.1 the submission of the Final Integration Scheme;
 - 1.1.2 the Scottish Government timeline for approval;
 - 1.1.3 work in progress; and
 - 1.1.4 the indicative timeline to establish the IJB and delegate functions and resources.

Background

- 2.1 Finance and Resources Committee requested regular update reports to track progress with the work associated with Health and social Care Integration. This is the fourth report in 2015.

Main report

Consultation Responses on the Draft Integration Scheme

- 3.1 Consultation ran from 20 January to 23 February 2015.
- 3.2 In order to maximise time available for consultation, the period between the close of the consultation and the deadlines for Council and NHS Lothian Board meetings was reduced to less than one week. This necessitated a two stage approach to handling responses. Stage 1 responses: matters material to the content or to the submission of the Integration Scheme; and Stage 2 responses: matters affecting other elements of integration.
- 3.3 Stage 1 responses were collated and presented to the Integration Joint Chief Officers Oversight Group for review. The review included legal input from the Council's external solicitors, and changes were accepted / rejected based on joint decision and legal advice. The Integration Scheme was amended in light of the accepted comments and submitted to Scottish Government on 16 March.
- 3.4 Stage 2 responses have now been collated and a combined response on Stage 1 and Stage 2 responses prepared. This has been shared with NHS Lothian and was reported to Council on 30/4/15 and will be published via the Council's

'Consulting Edinburgh' website. A summary of responses is provided in Appendix 1.

3.5 The main themes emerging from the overall consultation were:

- the need for strong representation from a range of stakeholders on the Integrated Joint Board and Strategic Planning Group, and for a truly collaborative approach, which the Integrated Joint Board will need to consider, once established
- support for the approach to use existing structures for clinical and care governance structures, but also concern that this may not deliver an integrated approach to governance; this section of the Scheme has been refined as a result of the consultation process
- support for the delegation of additional functions, but some concerns regarding the impact on the relationship with functions that will not be delegated, e.g. criminal justice
- difficulty in understanding a complex legal document and some complaints on the short length of the consultation, which was driven by the national process.

3.6 The outputs will be shared with Integration Joint Board, once established, and with the shadow Strategic Planning Group.

Operational Responsibility of the Integration Joint Board

3.7 The expectation of Scottish Government is that the Integration Joint Board will be fully responsible for carrying out the functions delegated to it. Scottish Ministers expect that the IJB or its members will have an operational responsibility for the delegated functions.

3.8 However, as the IJB cannot employ or contract staff, it requires to direct the Health Board and the Council must deliver services on its behalf. The Health Board and the Council will deliver services in line with IJB directions and yet will always be responsible in law for that delivery.

3.9 The effect of this is that the operational governance of integrated functions will be a combination of the governance activities of the Integration Joint Board and those of the Health Board and the Council. This means that governance responsibility lies across three organisations (the Health Board, the Council and the Integration Joint Board).

3.10 This matter has been taken into account in the preparation of the Scheme, whilst seeking to minimise duplication of governance functions. The principle followed in developing the Edinburgh Integration Scheme has been that existing

governance structures will be reviewed and amended, to reduce potential for duplication and to be clear that the IJB will have the authority to develop additional governance committees if these are required.

- 3.11 The Edinburgh Integration Scheme sets out detailed measures on the governance of integration functions throughout the text. Over and above those measures, the parties will ensure that the Integration Joint Board members are involved in overseeing the carrying out of integrated functions through the following measures.
- The terms of reference and membership of the relevant committees of Lothian Health Board and the Council will be reviewed, and the Integration Joint Board will be consulted as part of this process (and all future reviews); and
 - In order to develop a sustainable long-term solution for the oversight of the integration functions by the Integration Joint Board, a working group will be convened, with membership from all four Lothian Integration Joint Boards and the parties. This working group will develop recommendations for approval by each Integration Joint Board.
- 3.12 An overarching purpose of the Public Bodies legislation is to integrate health and social care functions from the point of view of recipients. This is to be achieved via the role of the Chief Officer who is required to also manage the majority of integrated services.
- 3.13 It is important, at an early juncture, to work through dependencies with the Council's Transformation work streams around organisational structures to ensure compliance with statute and guidance. This work has begun and the report to Finance and Resources committee in June 2015 will outline assumptions and dependencies around the two programmes.

Final Edinburgh Integration Scheme Update

- 3.14 Scottish Government has advised that the process to approve the Integration Schemes will take 12 weeks. During this period, Scottish Government will review the schemes and liaise with partnerships to obtain information or clarity.
- 3.15 The Cabinet Secretary will sign-off the Integration Scheme at week 8 and then the Order will be laid in Parliament for 28 days. After this, the Integration Joint Board can be constituted legally. As at 21 April, no additional information or clarity had been sought by Scottish Government.
- 3.16 If the Final Scheme is approved within this timetable is likely that the Edinburgh IJB will be established by the end of June 2015 and can formally begin preparations for the delegation of functions. The first scheduled meeting of the IJB could be as soon as 17 July.

3.17 If the Scottish Government timetable slips it is likely that the order will not be laid before Parliament until after the summer recess and IJB will be established by late August/early September.

Next steps

3.18 Work is progressing on the key steps required to establish the IJB to allow it to get ready for the delegation of functions and resources. This includes progressing the variety of tasks agreed in the Scheme and the development of the Strategic Plan (N.B. functions and resources cannot be formally delegated until the Strategic Plan has been approved by the IJB).

3.19 The tasks are being undertaken across NHS Lothian and the four councils within the Lothian area and outputs are being shared and adjusted to local circumstances.

3.20 Specific areas include:

- Work has begun in the Council to formalise the governance arrangements of the IJB e.g. prepare Standing Orders and further work is required on clinical and care governance arrangements.
- The financial work stream is being progressed by the Pan-Lothian work group and the current focus is on financial regulations/scheme of delegation.
- Discussions have taken place between the respective internal auditors to start the process of agreeing a joint financial assurance work programme. The Council, NHS Lothian and the IJB itself need to be assured that the arrangements are established on a sustainable footing and that all associated planning assumptions and risks are well understood by all parties.
- Consultation on the first draft of the Joint Strategic Needs Assessment, which will inform the content of the Strategic Plan.
- Consultation on stakeholder aspirations for the Strategic Plan through the shadow strategic planning arrangements.
- Development of the process for appointing both the Chief Officer and Chief Financial officer for the Edinburgh IJB

3.21 An indicative timeline, subject to prompt approval of the Scheme is provided in Appendix 2. Should the IJB not be established by late June, the shadow Health and Social Care Partnership will approve the Draft Strategic Plan for consultation.

Measures of success

- 4.1 The Scottish Government has issued National Outcomes for the delivery of integrated Health and Social Care as part of the final Regulations. These are as expected. [National Health and Wellbeing Outcomes Framework](#)
- 4.2 The Strategic (Commissioning) Plan work stream is tasked with planning for the delivery of these outcomes for the services in scope. The Programme Sub Group on Performance and Quality is tasked with establishing local outcomes for measuring the success of the new Health and Social Care Partnership in relation to the national outcomes. A joint baseline has been developed and work is continuing on a joint framework for the future.
- 4.3 The Final Edinburgh Integration Scheme outlines the process for determining the performance arrangements and for allocating responsibility for performance.

Financial impact

- 5.1 It is estimated that the Integration Joint Board will encompass a combined budget in the transition year of 2015/16 of around £590 million; c£200 million of Council funds, c£300 million of community health NHS Lothian funds, and an early estimate of acute hospital related 'set aside' funds of c£90 million.
- 5.2 A report is due in May 2015 on the Council's financial strategy, which will give an early estimate of the Council element of the Integration Joint Board resources for 2016/17, i.e. the first full financial year of the Integration Joint Board. The position in NHS Lothian is more complex, due to the need to 'disaggregate' regional budgets for 2015/16, in line with Scottish Government guidance and then roll forward into 2016/17, in line with NHS financial planning arrangements.
- 5.3 The resources for the functions in scope will be delegated to the Integration Joint Board for governance, planning and resourcing purposes. The delegated resources will be subject to financial assurance in order for the Integration Joint Board to understand any underlying financial risks. This process is set out in the Final Edinburgh Integration Scheme.
- 5.4 The Strategic Plan will identify how the resources are to be spent to deliver on the national outcomes and how the balance of care will be shifted from institutional to community-based settings. Planned variances will be retained by the Integration Joint Board, which will have the power to carry reserves.

Risk, policy, compliance and governance impact

- 6.1 A detailed risk log is maintained for the Integration Programme and reported through the status reporting process to the Shadow Health and Social Care Partnership and through the CPO Major Projects reporting procedure.
- 6.2 Major risks to both the Council and NHS Lothian as a result of the programme of change are also identified on Corporate Management Team, Health and Social Care and NHS Lothian risk registers.
- 6.3 The approach to risk management for the Integration Authority and respective parties is set out in the Final Edinburgh Integration Scheme and discussions are ongoing between Council and NHS Lothian on further development.

Equalities impact

- 7.1 The integration of health and social care services aims to overcome some of the current 'disconnects' within and between existing health and social care services for adults, to improve pathways of care, and to improve outcomes.
- 7.2 Furthermore, the intention is to improve access to the most appropriate health treatments and care. This is in line with the human right to health.
- 7.3 A combined impact assessment procedure between NHS Lothian and Health and Social Care has been developed. This will be used for all impact assessments as required across the joint service once the Integration Joint Board is fully established.
- 7.4 An impact assessment of all four Lothian Draft Schemes was completed on 10 February by representatives from NHS Lothian and the four Lothian councils.

Sustainability impact

- 8.1 The proposals in this report will help achieve a sustainable Edinburgh because:
 - joint health and social care resources will be used more effectively to meet and manage the demand for health and care services
 - they will promote personal wellbeing of older people and other adults in needs of health and social care services; and
 - they will promote social inclusion of and care for a range of vulnerable individuals.

Consultation and engagement

- 9.1 Consultation and engagement form a key work stream in the programme. A number of events have taken place and mechanisms are being established to ensure the Shadow Health and Social Care Partnership is engaging at all levels. This included the recruitment of service users and carers as members of the Shadow Health and Social Care Partnership, with the express purpose of bringing their own perspective to the discussions. A comprehensive engagement programme is also underway to engage with a wide range of staff and practitioners across health and social care services.
- 9.2 A full report on the consultation on the Integration Scheme was provided to Council on 30/4/15.
- 9.3 The Strategic Commissioning Plan process is developing a co-production approach to ensure timely and productive engagement with key stakeholders. The Statutory Strategic Planning Group has been established in shadow form and met for the first time in March 2015. Its programme of work includes consulting on the Draft Joint Strategic Needs Assessment, engaging to develop Edinburgh's priorities for the Strategic Plan and the form and content of the Plan itself.

Background reading/external references

[Health, Social Care and Housing Committee – 21 April 2015, Health and Social Care Integration Update.](#)

[Finance and Resources Committee – 19 March 2015, Health and Social Care Integration Update.](#)

[City of Edinburgh Council – 12 March 2015, Health and Social Care Integration Scheme: Final for Submission.](#)

Finance and Resources Committee – 3 February 2015, Health and Social Care: Draft Integration Scheme Consultation.

Health, Social Care and Housing Committee – 27 January 2015, Draft Integration Scheme Consultation.

Corporate Policy and Strategy Committee – 20 January 2015, Health and Social Care Integration Scheme: Draft for Public Consultation.

Finance and Resources Committee – 15 January 2015, Health and Social Care Integration; General Update.

City of Edinburgh Council – 11 December 2014, Health and Social Care Integration Scheme; Update on Draft Integration Scheme.

Finance and Resources Committee – 27 November 2014, Health and Social Care Integration Update.

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

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

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

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

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

See reports above for earlier reporting.

Peter Gabbitas

Director of Health and Social Care

Contact: Susanne Harrison, Integration Programme Manager

E-mail: susanne.harrison@edinburgh.gov.uk | Tel: 0131 469 3982

Links

Coalition pledges	Ensuring Edinburgh and its residents are well cared for.
Council outcomes	Health and Wellbeing are improved in Edinburgh and there is a high quality of care and protection for those who need it.
Single Outcome Agreement	Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health
Appendices	Appendix 1 Summary of Responses to the Consultation on the Draft Integration Scheme. Appendix 2 Indicative timeline

Appendix 1 Summary of Consultation responses on the Edinburgh Draft Integration Scheme for Consultation (v2.7) and Feedback from Council and NHS Lothian

Please note: Total Responses received – 23: 11 Organisations and 12 Individuals.

Summary of matters raised by Responders	NHS Lothian and Council Feedback and Rationale
<p>Preamble - Aims and Vision</p>	
<ol style="list-style-type: none"> 1. Some concerns expressed about role of Councillors in health services and about the cost involved in a new body. 2. Reference need to be made to sustainable development. 3. Several organisations support the aims and vision. 4. Expand the planning principles to include a stated commitment to fair treatment of staff and commitments to the protection and development of public services, adequately resourced and free at the point of need. 5. A need for more service user focussed outcomes with a focus on social model of care and the Integration scheme needs to be underpinned by principles of human rights, independent living and citizenship. 6. Bullet Point c) Could it be reworded to ‘working collaboratively a shared vision will be embedded within staff teams via joint development and training, putting the needs of people we work with first’. 7. Bullet point d) could something be added about efficiencies in terms of coordination of care. 8. Could this reference ‘very best practice’ in terms of delivering on consultation, partnership working and working with communities. Does IJB have an ambition to be an exemplar? 9. Need to translate into integrated approach at point of delivery to individuals. 	<ol style="list-style-type: none"> 1. The role of Councillors in the provision of health services comes about through the models available to create the Integration Authority and as such Scottish Government consider this model acceptable. The costs involved will be kept to a minimum and will be covered by making changes to existing processes which this will replace. 2. Guidance was to keep the Scheme short and concise. While we recognise the importance of sustainable development and its role in supporting healthy lives it was decided not to include in the Scheme. The comments will be shared with the Strategic Planning Group. 3. This is welcomed. 4. We are not able to change the Integration Planning Principles as these are set down in statute. We have amended the statement of ambition/vision slightly instead. It is not within the power of the Council to sign up to a commitment to ‘the protection and development of public services adequately resourced and free at the point of need’. Matters such as charging for certain services and the local government/NHS financial settlements constrain the Council and NHS Lothian. 5. Scheme amended. 6. Scheme amended. 7. Scheme amended. 8. Scheme amended. 9. Noted.

Section 1 - Parties and Definitions	
<ol style="list-style-type: none"> 1. Define sustainable development 2. Term 'Authority' gives the wrong message. Can a different name be used? 	<ol style="list-style-type: none"> 1. See point 2. Above 2. While, in law, the body will be the Integration Authority it is likely that it will be named the Health and Social Care Partnership.
Section 2 - Model to be implemented	
<p>Weaknesses</p> <ol style="list-style-type: none"> 1. Additional bureaucracy. There should be one IJB for NHS and all four Council areas. 2. Exclusion of some hospital functions may be problematic. 3. Need to better express role of third and independent sectors and ensure how views from these diverse sectors can be captured. 4. Concern about Council having such a large influence over NHS money and about the cost of the IJB itself. 5. Need to bring in independent, third sectors and communities. 6. More professional membership is required. 7. Commitment to consult the public. <p>Strengths</p> <ol style="list-style-type: none"> 8. Strengths include – working in tandem, 50/50 approach. 9. Chief Officer Role. 10. Opportunity for open discussions and transparency. 11. Need to build on good practice and learn from 'failures'. 12. Need to communicate a common purpose between all Board members from the start to avoid the potential weakness of a division between an equally weighted group of decision-makers. 13. Transparency will be key to making this work, across good practice, 'failures', risks and devolution of budgets. 14. Need to ensure good training for members. 	<p>Weaknesses</p> <ol style="list-style-type: none"> 1. NHS Lothian Board and the four Councils in the Lothian area made decisions on their preferred model in 2014. The decision for Edinburgh was taken in public in August 2014 (Council Committee and NHSL Board meeting) following a detailed analysis of the options. It is not intended to revisit the decision at the moment. 2. We are constrained by the requirements of the Public Bodies Act on the functions that can be delegated. 3. The IJB will have a non-voting role for Third Sector representative. It is for the IJB, once established, to decide how it wishes to develop this and any other non-voting roles. The third sector will also be represented in the Strategic planning group and the representative will have a role to engage with their wider constituency. 4. Noted, however the requirement is now in statute and must be delivered. The IJB will be made up of equal number of Councillors and NHS Board members and a number of existing committees and arrangements will be dissolved or reviewed to avoid duplication and additional costs. Councillors are elected representatives of their communities. 5. IJB will consider its wider membership once established. 6. The IJB must have non-voting roles for three NHS professional members. 7. Noted and will be shared with IJB. <p>Strengths</p> <ol style="list-style-type: none"> 8. Noted and will be shared with IJB. 9. Noted and will be shared with IJB. 10. Noted and will be shared with IJB.

	<ul style="list-style-type: none"> 11. Noted and will be shared with IJB. 12. Noted and will be shared with IJB. 13. Noted and will be shared with IJB. 14. Noted and will be shared with IJB.
Section 3 Local Governance Arrangements	
<ul style="list-style-type: none"> 1. Concerns about Councillors influence health services; the balance of voting membership just NHS and Council; that there are no voting representatives for Trade Unions. 2. Need to improve the presences of Third Sector and service user /carer representatives. 3. How will the wider public be able to influence the IJB? 	<ul style="list-style-type: none"> 1. The membership and voting rights of representatives are set down in the legislation. Voting representation must be an equal number of councillors and NHS Board members. 2. The IJB will have a non-voting role for Third Sector representative. It is for the IJB, once established, to decide how it wishes to develop this and any other non-voting roles. 3. It is expected that the meetings will be held in public. The IJB will determine its standing orders for operation and this comment will be forwarded to them once established.
Representativeness across different groups - IJB Membership	
<ul style="list-style-type: none"> 1. The balance of NHS and Social Care professionals should be improved in the non-voting arrangements of the IJB – specifically OTs. Is clarification required on how the voice of OT and other Council therapy professionals are communicated? More professional membership is required of such an important committee. 2. The arrangements for clinical engagement are medical and nursing dominated. ACF would seek assurance on mechanisms to engage ALL professional groups including other independent practitioners, dentists, community pharmacy, ophthalmologists 3. Third sector role is referred to only in passing. Whilst this is a reflection of SG/Act requirement for Scheme it is an opportunity to weave in much of the partnership working that everybody says they want to see into the formal document. 4. How will the public (in its widest sense) have a statutory right to influence the IJB? Are IJB meetings to be public or held in public? 	<ul style="list-style-type: none"> 1. The integration Scheme guidance and the regulations specify what must be included in the section about membership. The IJB itself will have the power to broaden representativeness across professional groups within its membership and to establish additional professional governance mechanisms, once it is established. These comments will be shared with the IJB for future consideration. 2. See point 1 above. 3. A Third sector representative, a service user and carer representative are all required on the IJB as specified in the regulations. The guidance for the Scheme does not require us to provide detail of this. It will be up to the IJB to develop this representation within its own membership. The comments will be forwarded to the IJB for consideration in these matters. 4. The legislation prescribes the voting arrangements. The IJB will develop its own standing orders. Given the approaches currently within the

<p>5. Many concerns expressed that the presence of the Third Sector and service/carer reps in leadership positions on the IJB and in the Strategic Plan process is not strong enough. (Changeworks, ECIL, individuals).</p> <p>6. Suggestion of one third NHS, one third Council and one third from third sector voting arrangements</p>	<p>Council and NHS Lothian, it is likely that these meetings will be held in public. The IJB will also develop an Engagement Strategy. The comments will be forwarded to the IJB for consideration in these matters.</p> <p>5. The Scottish Government have set down in regulations the requirements. The IJB will consider how it may wish to extend this once it is formally established. The comments will be forwarded to IJB. The details of the Strategic Plan Group are not included in the Integration Scheme. Further information on the wide representation being developed. The comments will be forwarded to the IJB for consideration in relation to the Strategic Plan.</p> <p>6. The legislation and regulations prescribe voting arrangements and third sector non-voting membership. The IJB will consider its wider membership once established but cannot alter voting arrangements.</p>
<p><i>Section 4 - Delegation of Functions</i></p>	
<p>1. Please advise on position re children’s services.</p> <p>2. An opportunity has been missed to delegate under 18s functions.</p> <p>3. Housing functions should be included as joint working across housing and health can reduce hospital admissions, speed up hospital discharge and help address health inequalities.</p> <p>4. Opportunity missed to delegate Criminal Justice functions and NHS prisons health care arrangements and the potential to move to rehabilitation based approaches.</p>	<p>1. The Council and NHS Lothian are entering into voluntary arrangements for the integrated management of Children’s Services in Edinburgh. A number of reports have been to the Council Children’s and Families Committee outlining the approach and a consultation has been undertaken recently. Where it makes sense for NHS Lothian to do so they have included services for those under 18, i.e. when part of ‘cradle to grave’ services such as General Practice.</p> <p>2. See point 1 above.</p> <p>3. Housing functions required by the Act have been delegated and the Strategic Planning Group will be strengthened by inclusion of a Housing representative.</p> <p>4. The recent changes to Criminal Justice governance and the extent of partnership working beyond health functions were deciding factors for retaining Criminal Justice functions within the Council for the time being. NHS Lothian decided, during the consultation period, to delegate prison healthcare in Lothian to the Edinburgh IJB.</p>

Section 5 Local Arrangements to Support the Preparation of the Strategic Plan	
<ol style="list-style-type: none"> 1. Effective support is required. 2. Listening to other views, local understanding of needs and priorities including representation from third sector and housing at city wide and local level. Specific proposal for increasing third sector representation on SPG to 5, one each for localities and 1 for city-wide. 3. Many small and detailed amendments on Draft Scheme. 4. Marie Curie made a direct offer of assistance in the re-design of palliative care. 5. Should be informed by local understanding of needs and priorities within communities. 6. Clear mechanism for professional input and feedback to Strategic Plan. 7. There must be clear mechanisms for all professions to have feedback considered. The existence of a Professional Advisory Committee on the shadow arrangements has facilitated this wider engagement. The Scheme should go further in describing the opportunity for an integrated professional group in the new formal arrangements. 8. Real joint approaches required at every level of the planning process. 9. Acknowledge that it is a difficult process and that hard decisions will be required. 10. How will the relationships of the IJB with the other IJBs enhance or undermine the overall integration work. A divided approach across 4 local authorities may create confusion. 11. The way community participants are to be consulted is insufficiently clear. There is a need to listen to the community. 12. Welcome engagement of professionals in the development of Strategic Plan and Area Clinical Forum (ACF) offer support in this. 13. ACF offer some key principles for professional leadership and would welcome further engagement and discussion. 	<ol style="list-style-type: none"> 1. Noted. A working group is to be established to determine how this will be best supported from the range of staff available. 2. The Third sector, independent and housing sector are all represented on (amongst many others) the Strategic Planning Group. Work will start soon as to how these representatives will engage with their wider constituencies in order to bring shared views to the table. 3. Amendments proposed were accepted. 4. Noted. This will be shared with Strategic Planning Steering Group. 5. Noted and will be shared with the IJB. 6. The Professional Advisory Committee Chair and Vice Chair have been asked to nominate representatives to the Strategic planning group for professional input. The representative will have a role to engage and represent a wider health and care constituency. 7. Details of this were not required in the Scheme. The IJB will have the power to broaden representativeness across professional groups within its membership and to establish additional professional governance mechanisms, once it is established. These comments will be shared with the IJB for future consideration. 8. Noted and will be shared with IJB. 9. Noted and will be shared with IJB. 10. The IJBs will need to determine how they will communicate and cooperate. Comment noted and will be shared with the IJB. 11. Noted. Plans are in development to engage with local communities, local fora and local practitioners. The Strategic planning group will lead on this. 12. Noted and will be forwarded to Strategic Planning Group. 13. Noted and will be shared with the IJB.

<p>Section 6 Local Operational Delivery</p>	
<ol style="list-style-type: none"> 1. Robust monitoring and evaluation is required. 2. Need to work with Third and Housing Sectors. 3. Balancing needs across four local authority areas will be challenging and a joint approach between the Council will be required. 4. It may be worth noting that there should be no duplication across governance and the IJB is the final arbiter. 5. Should para 6.1.3 also include other stakeholder info? 6. Should the performance core group have a collaborative approach with wider membership? 7. Working Group on Prof, Tech Admin services – Should this include wider membership? 8. It would be helpful to clarify how performance information will be handled and where in the performance management system information of a confidential nature may be handled – e.g. CHP performance management group receiving prescribing information with caveats re commercially sensitive data. 9. Balancing the ambitions for four council areas in joint arrangements with NHS Lothian will be complex. A joint approach from the start with Councils will need to be taken to avoid risks and ensure a better collaborative approach to change. 10. Need substantive locality structures which will be difficult if we are to make cuts to management budgets. 	<ol style="list-style-type: none"> 1. Noted. This will be forwarded to the group addressing performance. 2. Noted see point 2 above. 3. It is proposed that the new chief officers will meet regularly to ensure a balanced and sustainable approach. 4. Noted and the remits of existing committees will be reviewed to avoid duplication wherever possible. 5. The Scheme is an agreement between the NHS and Council and cannot commit on behalf of other agencies. 6. Noted and accepted. 7. The guidance around the Professional, Technical and Administrative services is clear that it is for the Council and NHS Board to determine the support arrangements to the IJB (as all relevant staff are employed by these two organisations). 8. Noted. However comment does not require an amendment to the Scheme. It will be picked up in Standing Orders and governance arrangements of the IJB which will be developed once the body is established. 9. Noted and will be shared with IJB. 10. Noted and will be shared with the IJB.
<p>Section 7 Clinical and Care Governance – General</p>	
<ol style="list-style-type: none"> 1. It would be helpful to agree a principle re health and care governance that although there may be some duplication initially, that within an agreed timescale and plan, that this duplication will be reduced. 2. It may be worth being explicit that there should be no duplication and that if an existing group /structure is retained there must be a clear rationale for doing so – to avoid the assumption that everything is 	<ol style="list-style-type: none"> 1. The point about duplication is a real concern in these new arrangements. The IJB does not employ any staff and so can rely on existing mechanisms, and it may also establish additional mechanisms. Revision have been made to the Integration Scheme to note this complexity, to make provision for the role of the IJB in existing governance arrangements and to review existing arrangements in the

<p>'business as usual'.</p> <ol style="list-style-type: none"> 3. Existing Committees – assumed includes NHS Lothian Pharmacy Senior management Team, Area Drug and Therapeutic Committee (ADTC) and sub committees and the Lothian Area Pharmaceutical Committee (LAPC). 4. Clarification required on non-medical health professional roles will have a route to direct IJB representation through the medical representatives. 5. Please correct the info on professional registration for OTs. (This is now amended in V1 of Final Scheme). 6. Clinical and social care governance should work together rather than be separate. 7. The opportunity for an integrated professional group would be welcomed – The Integration Scheme could go further in defining this 8. Strong professional leadership is vital to support uni-professional and multi-professional working. 9. Support for an open and transparent process for making the professional appointments to the IJB. 10. There is a need for clarity regarding management and leadership responsibilities within teams is paramount and difference between the two clearly acknowledged. 11. How will OT standards be overseen and how will OT views be communicated into the Strategic Plan. Unison proposes that a non-voting seat on the IJB be filled by a senior occupational therapist, and that the H&SC senior occupational therapy group be added to the list of senior professionals in 7.3.5. 12. Need to ask patients and carers throughout their experience about the quality of their care. 13. Policies and governance will need to be re-written /reviewed where integration of services means separate policies are confusing or unhelpful 	<p>Council and NHS Lothian in order to minimise bureaucracy.</p> <ol style="list-style-type: none"> 2. See above 3. All existing NHS Lothian Board and Council Committees that have a role in clinical and care governance are included within the existing arrangements and / or will be reviewed to ensure they provide appropriate support to the IJBs in Lothian. Officer/management groups may change depending on the management arrangements which flow from the IJB directions. 4. Noted and will be shared with IJB. 5. The reference to OT registration has been amended in the Scheme. 6. The IJB has the option to establish an integrated professional clinical and care governance group. This is referenced within the Scheme, It will be the IB decision on whether and how this is taken forward and as such the Council and NHS are not allowed comment further in the Scheme. The comments will be forwarded to the IJB once established. 7. See 6 above 8. Noted and will be shared with IJB. 9. Noted and will be shared with IJB. 10. Noted and will be shared with IJB and Chief Officer 11. The IJB will determine its own non-voting membership and arrangements for representation in the Strategic Planning Group. The comments will be forwarded to the IJB once established. There will be professional social care representatives with a remit to engage a wider constituency of professions which will need to include OTs. Point to the shared with SP Group. 12. Noted and will be shared with IJB 13. Noted and will be shared with IJB
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Section 8 Chief Officer	
<ol style="list-style-type: none"> 1. Should be a new appointment and open competition. 2. The role should be broader than it seems and should lead the IJB forward with the Chair. A position which is not embedded in either partner would be better. 3. The Chief Finance Officer role should be independent from significant ties to either party. 4. Should understand the needs of the Edinburgh community. 5. Needs to ensure transparency and engage personally with communities. 	<ol style="list-style-type: none"> 1. A Joint Director has been in place in Edinburgh. It is likely this role will be continued 2. The role is set out in statute and guidance, but will develop over time as required by the IJB 3. Noted. The consequences of this are likely to be additional costs which must be considered carefully. 4. Noted and will be shared with the IJB. 5. Noted and will be shared with the IJB.
Section 9 Workforce	
<ol style="list-style-type: none"> 1. There is a risk of losing specialist knowledge and skills if you integrate teams without ensuring full clarity of role. 2. Staff training to respect roles but ensure integrated approaches. Home care should be the same kind of health service as in hospital for matters such as changing dressings etc). 3. Reconsider the four days on four days off patters for home care and bring into line with hospital shift patterns. 4. Joint training with a solution focus. 5. Improve understanding of roles and responsibilities to improve trust and joint working. 6. Map what is already working. 7. Coordinated referral mechanism for all services. 	<ol style="list-style-type: none"> 1. Noted and will be forwarded to Human Resources Group. 2. Noted and will be forwarded to Human Resources Group. 3. Noted and will be forwarded to Strategic Planning Group. 4. Noted and will be forwarded to Human Resources Group. 5. Noted and will be shared with the IJB.
Section 10 Finance	
<ol style="list-style-type: none"> 1. Request that the paragraphs on set-aside are made explicit with respect to the expected apportionments changing over time as the balance of care shifts. 2. Section 10.4 of v2.7 process for addressing variance re prescribing budget. It is unlikely that any prescribing savings will be fortuitous as 	<ol style="list-style-type: none"> 1. The Council and NHS Lothian cannot explicitly note that there will be a shift in the balance of care in the set-aside budgets as this will become the remit and decision of the IJB once established. 2. This point is true. The prescribing budget will be determined on a health board basis and then will be delegated to each IJB according to the

<p>they are mostly driven by local Prescribing Action Plan. The wording of this section could effectively see the IJB retain all prescribing under spends as a consequence of local delivery to the detriment of other Lothian IJBs despite the overall prescribing budget being determined on a health board population basis. The current approach is a risk sharing one across all 4 CHPs.</p> <ol style="list-style-type: none"> 3. There is a need to clarify language around Internal Audit and Financial Audit. 4. The IJB recognise there is a huge opportunity to engage with localities in the planning of set-aside resources and that this should be maximised. 5. IJB is supportive of dialogue with other IJBs to ensure sustainability of 'set-aside' resources and would welcome discussion on how the Chairs could come together 	<p>agree budget process. Under and overspends will be managed through the budget setting process and redetermination arrangements between NHSL and IJB as outlined in Sections 10.2.3 and 10.5 of the Draft Scheme.</p> <ol style="list-style-type: none"> 3. The section on internal audit has been removed from the Scheme on the advice of the Scottish Government. It will be an IJB role and remit to establish its own internal audit arrangements and this cannot be specified by the Council of NHS Lothian. This should aid clarification. 4. Noted. 5. Noted.
<i>Section 11 Participation and Engagement</i>	
<ol style="list-style-type: none"> 1. Need to be clear about how we consult the public 2. Importance of improving participation and engagement rather than relying on existing. 3. Need to include lay people in participation. 4. Need to engage with more than Community Councils and 'usual suspects'. 5. Consider drop in events, roving reporters in cafes, shops and community spaces and engage with advocacy groups. 6. PPF are listed but these are now abolished. Need to make clearer how community participants will be consulted. 7. Is an enabling reference required in the Scheme for collaboration, consultation/involvement to underpin the very best practice in relation to how the IJB performs its functions? Participation should also extend to monitoring and evaluation arrangements /measures/KPIs. 8. Need to provide information leaflets and use television. 9. Recruit a health rep onto community councils. 10. Creation of fora that feed into the IJB. 	<ol style="list-style-type: none"> 1. Noted and will be shared with IJB. 2. Amendments have been made to this section of the Scheme and to the Annex to reflect these comments. <ol style="list-style-type: none"> 1. Noted and will be shared with the IJB. 2. Noted and will be shared with the IJB. 3. Noted and will be shared with the IJB. 4. Noted. The new arrangements are likely to be through Neighbourhood partnerships and associated groupings focusing on health. These arrangements are in development. 5. Noted and added to scheme. 6. Noted and will be shared with the IJB. 7. Noted and will be shared with the IJB. 8. Noted. The IJB will consider its wider membership and links to the Strategic Planning group arrangements once established. 9. Noted and will be shared with the IJB. 10. Noted and will be shared with the IJB.

<ul style="list-style-type: none"> 11. Establish principles of transparency and responsive communications. 12. Importance of locality structures. 13. Engage with people in their communities, rather than expect them to travel to us. 14. Provide support and training and resources to help people engage. Avoid jargon and give people time to consider information. 15. Be honest about what can be changed. 16. Important to engage with third and housing sectors and to develop a mechanism for 'shared voices' from these sectors. 	<ul style="list-style-type: none"> 11. Noted and will be shared with the IJB. 12. Noted and will be shared with the IJB. 13. Noted and will be shared with the IJB. 14. Noted and will be shared with the IJB. 15. Noted and will be shared with the IJB. 16. Noted and will be shared with the IJB.
<i>Section 12 Information Sharing</i>	
<ul style="list-style-type: none"> 1. People need to have the right to chose what is shared with whom. 2. Data handling must be secure and trust worthy with the purpose of helping people. 3. Experience of this between hospitals and GPS does not give confidence that this is currently well done. Informed consent must be given. 4. Use existing systems to keep costs down. 5. A leaflet would help explain this to people. 	<p>All comments are noted and will be shared with the IJB.</p>
<i>Section 13 Complaints</i>	
<ul style="list-style-type: none"> 1. Acknowledge complaint made, effective follow-up and action taken with reporting back to check complainant is satisfied with handling of matter. 2. Need to be swift effective and learn from errors. 3. Some concerns expressed about handling of complaints about the move to the 'four on four off' shift pattern for home care. 4. Very important to view clients as equal partners in their care arrangements. 	<p>All comments are noted and will be shared with the IJB.</p>

Section 14 Claims and Liability	
<ol style="list-style-type: none"> 1. A separate paper was prepared on all the matters related to claim and liabilities and insurance cover. The major matter relates to ensuring the statements in the Scheme do not prejudice future choices for the Council for the management of additional risks and liabilities that arise from integration. 	<ol style="list-style-type: none"> 1. Amendments have been made to this section of the Integration Scheme
Section 15 Risk Management	
No comments	
Section 16 Dispute Resolution	
<ol style="list-style-type: none"> 1. Disputes could arise within IJB, between IJB and main parties and also with neighbouring IJBs. The dispute process needs to recognise this and make provision for resolution. 	<ol style="list-style-type: none"> 1. The guidance from Scottish Government is clear that this section refers to dispute between the Council and NHS Lothian only. This point is noted, but cannot be included in the Scheme. The IJB will develop its own standing orders and governance procedures and this comment will be considered by the IJB during this process.
Other Comments	
<ol style="list-style-type: none"> 1. There is a real opportunity to create a shared language and approach with real impact. For example the IJB may require shared assessments and planning for individuals where the plans follow the person to reduce the amount of reassessment and associated trauma for clients/patients. 2. Identities are important to the parties and this could be seen as a threat to existing identities. However integration is an opportunity to create new shared identity for people to pin the vision and ambition to. 3. SDS and integration must work together so that health funded support is included for when people exit hospital, not from a money perspective but in order to ensure the health supports them to live independently to live in the community. 4. A small number of comments related to the complexity of the consultation and the timescale. 	<ol style="list-style-type: none"> 1. Noted and will be shared with the IJB. 2. Noted and will be shared with the IJB. 3. Noted and will be shared with the IJB. 4. Noted. This was driven by the national arrangements.

Comments received from:

Organisations: 11

Area Clinical Forum

Changeworks

Council's Insurers and Insurance Manager

Cyrenians

Edinburgh Centre for Independent Living

Enable

EVOG

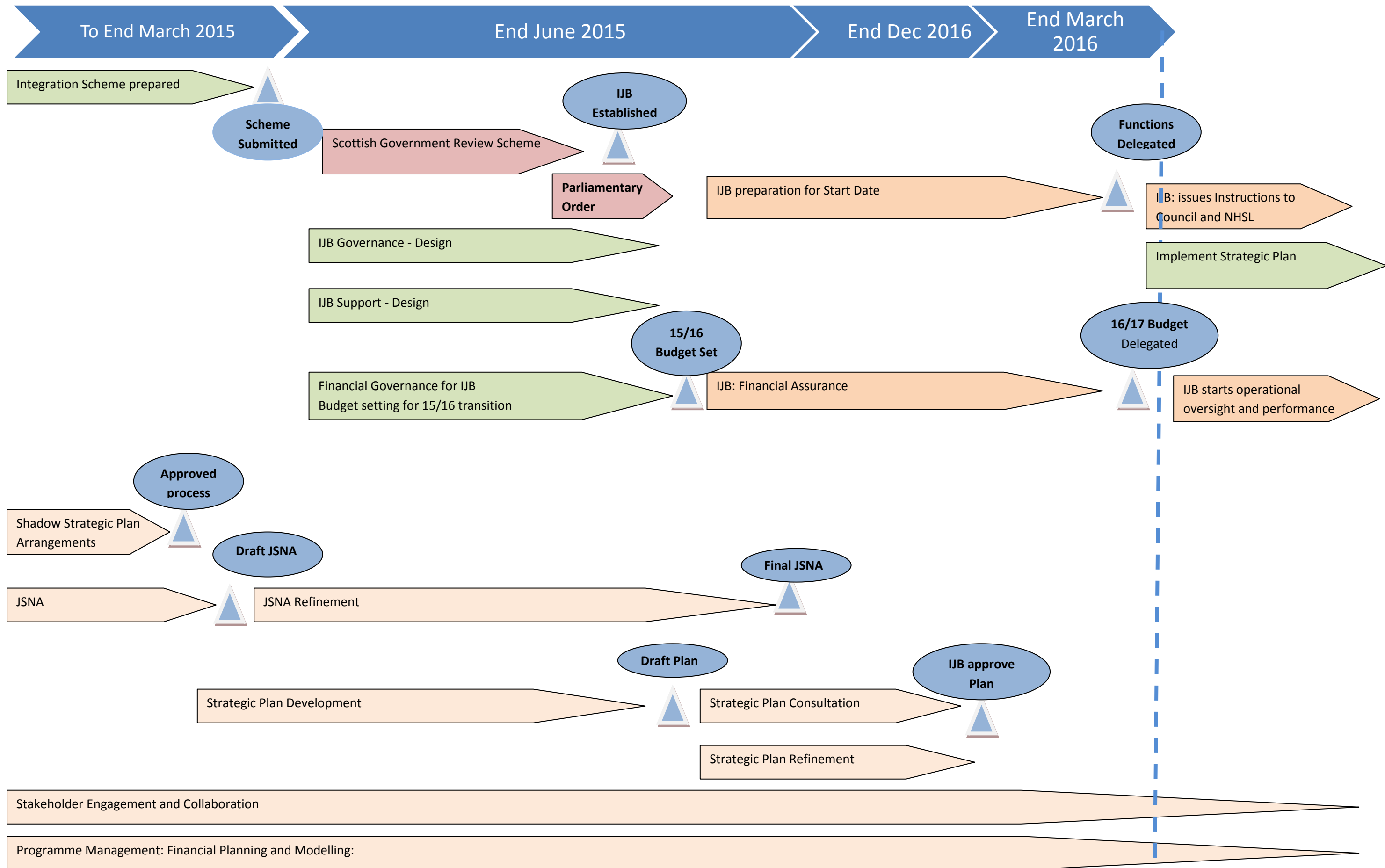
Marie Curie

Professional Advisory Committee

Shadow Health and Social Care Partnership

Unison

Individuals x12

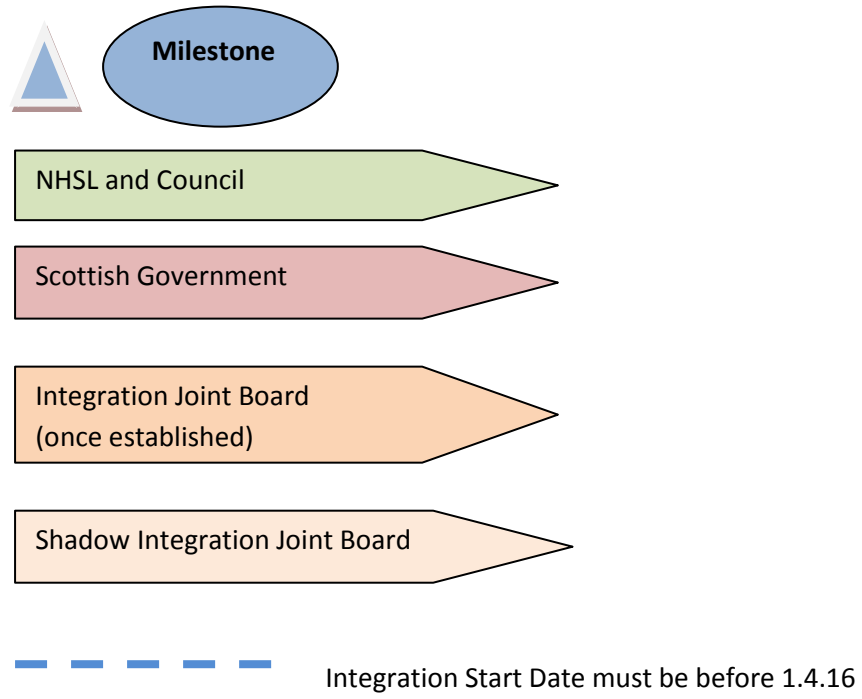


Appendix 2 Health and Social Care Integration: Indicative Timeline

Assumptions

1. Scottish Government approve Scheme
2. Agreed joint budget is achieved
3. Financial Assurance is satisfactory
4. IJB approve Strategic Plan
5. 1 April Integration Start Date - start of new financial year

Key



Finance and Resources Committee

2pm, Wednesday, 13 May 2015

Impact on Providers of Recent Employment Appeal Tribunal Judgements - Night Time 'Sleepover' Support Costs

Item number 7.3

Report number

Executive/routine

Wards

Executive summary

The Employment Appeal Tribunal (EAT) recently ruled that where a care worker was required to work 'sleep in' night shifts at a designated site, and be available to carry out duties during these sleep-in sessions, such shifts constitute 'time work' for the purposes of National Minimum Wage legislation. The EAT found that the care worker was entitled to be paid at the rate of the National Minimum Wage for hours worked including those during these sleep-in shifts.

This report sets out details of the resulting cost pressure faced directly by providers of sleepover services and indirectly by the Council.

Links

Coalition pledges

Council outcomes

Single Outcome Agreement

Night Time Sleepover Costs

Recommendations

Committee is asked to note:

- 1.1 the significant cost pressure arising directly for providers and indirectly for the Council following the EAT ruling;
- 1.2 the risk of legal challenge faced by providers if they do not comply with NMW legislation
- 1.3 the risks arising for the Council in the event providers are unable to recover the increased costs they face and stop providing sleepover services

and agree

- 1.4 payment rates made by the Council for each hour of sleepover service purchased should be increased, with effect from 1 April 2015, to the level of the National Minimum Wage
- 1.5 to consider a potential source of funding to meet this pressure

Background

Current Position

- 2.1 All Council's make provision for paid carers to be available to vulnerable people and people with disabilities living in care homes or in their own homes who are assessed as being at potential risk during the night. Typically, staff work a 'sleepover' shift from 10pm until 7am during which, although they are allowed to sleep, they must respond to any situations which may arise during the night. Currently, staff working sleepover shifts receive an allowance for doing so.
- 2.2 Contracted providers of care and support services in Edinburgh provide staff to work 100 sleepover shifts every night of the year. The Council currently makes an average gross payment of £40 per shift, spending a total of £1,460,000 per annum.
- 2.3 A further 100 sleepover shifts are purchased from contracted staffing agency's each week to cover staff vacancy's, annual leave and sickness in Council run care services. The current average payment made for these shifts, inclusive of agency fees, is £45.86p, which equates to £238,472 per annum.
- 2.4 60 recipients of Direct Payments use part of the payment made to them to buy an average of 235 sleepovers each week. The average gross allowance paid to staff is £40 per night, which equates to £488,000 per annum.

- 2.5 While the exact number of sleepover shifts will vary depending on service user needs, on average the Council funds around 54,000 sleepovers each year at a cost of c£2,186,472.

Main report

- 3.1 In August 2014 the Employment Appeal Tribunal ruled in the case of *Esparon V Slavikovska* that where a care worker was required to work a number of ‘sleep-in’ night shifts at a site designated by their employer, and be available for work during these sleep-ins, these shifts constituted ‘time work’ for the purposes of the National Minimum Wage (NMW) legislation. The NMW is currently £6.50p per hour for most workers.
- 3.2 This means if any worker is paid on average less than the NMW over their pay reference period they will be entitled to have their pay increased to ensure that they receive the NMW for each hour worked. This will particularly affect low paid workers in the private, voluntary and temporary staff sectors. Staff who are paid significantly above the NMW who do sleep-ins are unlikely to be affected, because, on average, their pay will not fall below the NMW over their pay reference period. The examples below illustrate how the impact on an individual can be calculated.

Examples

- Worker A is paid weekly
 - They work 30 hours a week at **£7** per hour
 - They also do 2 X 9 hour sleep-ins each of which is paid at £40
 - Overall, they have worked 48 hours and have been paid £290
 - Their average hourly pay is £6.04, which is **less** than the NMW
 - So they are entitled to an increase in their hourly rate to at least the NMW level
-
- Worker B is paid weekly
 - They work 30 hours a week at **£8** per hour
 - They also do one sleep in of 9 hours, for which they are paid £40
 - Overall, they have worked 39 hours and have been paid £280
 - Their average hourly pay is £7.17p, which is more than the NMW
 - So they are not entitled to a pay rise, under NMW regulations
- 3.3 As the EAT ruling requires a shift from payment of an allowance to payment per hour, employers will also require to make additional National Insurance, holiday and pension payments in respect of sleepover hours worked.
- 3.3 In December 2014 COSLA advised Council’s *“the key legal responsibility to comply with the Tribunal ruling sits with the employer (i.e. the provider).”* It went on to say: *“Notwithstanding this position, it is our view that a local authority, as the commissioner of the service(s) vulnerable to the implications of the ruling, has a wider set of responsibilities to engage with and support providers in*

dealing with the effects of the legal ruling. We would advise authorities to take a proactive approach to dialogue with providers on the basis the implication of the ruling involves a strong element of shared risk.”

Calculation of the Financial Impact in Edinburgh

- 3.4 In January 2015 Officers met with contracted providers of care and support staff to discuss the issues raised by the EAT ruling and agreed with them that (a) providers would seek independent legal advice as to whether they were affected by the ruling and if so (b) using the methodology set out in the examples above they would calculate the likely financial impact on them of the ruling and share this with the Council.
- 3.5 All 25 regular providers of sleepover services reported they had been advised they were affected by the EAT ruling. Five providers, who between them provide 10,000 sleepovers each year, do not anticipate any resulting cost pressure as their pay rates are significantly higher than the NMW. These five are all large national organisations with a diverse service portfolio. They include the Church of Scotland, Penumbra and Castle Rock Edinvar Housing Association. All five have indicated they would not wish to extend the provision of sleepover services beyond those provided in homes which they own and manage.
- 3.6 The remaining 20 providers, who deliver a total of 26,500 sleepovers each year, are in the main smaller, local providers who offer pay rates closer to the NMW. They have collectively identified the cost pressures arising for them as totalling £800,300 per annum. This figure has been calculated by costing the payment of 9hours X NMW/£6.50p = £58.50 per hour, plus an average additional 20% (total of £70.20p per shift) in respect of National Insurance, holiday and pension payments and provider management costs and subtracting the £40 payment currently made by the Council.
- 3.7 Officers also met with contracted agency providers of temporary staff to the Council. They reported their legal advisors have recommended they immediately implement payment of the NMW and make additional National Insurance, holiday and pension contributions for all sleepover shifts provided. As a result the agency average charge will rise to £77.85p per night. In this case the resulting cost pressures will be addressed by service managers.
- 3.7 The lowest net rate paid to Personal Assistants employed by recipients of Direct Payments who purchase sleepovers is significantly higher than the NMW at £8.64per hour. As a result we are satisfied staff employed by recipients are unlikely to be affected by the EAT ruling.
- 3.8 On 23 February 2015 the Low Pay Commission announced it planned to recommend an increase in the NMW to £6.70p per hour from 1 October 2015.

- 3.9 Adding the planned 3% mid financial year increase in NMW and the related 0.25% increase in employer contributions to the cost pressure of £800,300 outlined above, the overall financial impact of the EAT ruling on providers of sleepover support services in Edinburgh in the 2015/16 year will be to increase their costs by an estimated **£826,300**.
- 3.10 While there is a lack of clarity on whether increased payments due to staff should be backdated and for how long, all providers plan to uplift rates paid for sleepovers to NMW levels from 1 April 2015. The Council has already made clear it cannot assist with the costs of any retrospective payments providers may be required to make.

Operational Impact

- 3.10 COSLA is correct in stating responsibility for complying with the EAT ruling and meeting the resulting increase in costs rests with providers. It is also the case there are no contractual obligations on City of Edinburgh Council to meet cost increases arising from EAT or other legal rulings.
- 3.11 However, unless the Council supports providers in meeting the cost pressures arising from the EAT ruling they will, understandably, opt to exit the sleepover market. Any sharp reduction in supply will inevitably mean further increases in the cost of providing sleepovers for the Council, over and above those arising from the EAT ruling. The Council does not itself have the capacity to supply these services in the volume required and doing so would in any event incur higher costs than those charged by 3rd party providers.
- 3.12 Cost and other pressures resulting from any reduction in supply are likely to be further exacerbated as service users, for whom we are unable to source sleepover services, can no longer be safely supported at home and require transfer to often scarce and always more expensive residential care settings.
- 3.13 Our largest local contracted provider of sleep in staff has indicated that the Trades Union representing its staff, Unite, has agreed not to progress claims for unlawful payment on behalf of its staff on the understanding the provider addresses the matter by 1 April 2015. While the provider plans to do so, it has indicated it will reluctantly have to stop providing sleep in staff in the event the Council does not increase its payment rate to facilitate compliance with NMW legislation. A second contracted provider has advised it is already facing 2 claims against it for unlawful payment of wages.
- 3.15 Given the significant risks arising for the Council of a large scale exit by providers from the delivery of sleep in staff, Committee are asked to agree the report recommendation.

Measures of success

- 4.1 The Council achieves best value in the delivery of all night time support services provided to service users.

Financial impact

- 5.1 The full year cost of increasing payment rates will be £826,300. The financial implications will be considered as part of the review of the 2015/16 Health and Social Care budget which will be reported to the June Finance and Resources Committee.

Risk, policy, compliance and governance impact

- 6.1 The EAT ruling referred to in this report requires employers to consider its conclusions and whether these impact upon the arrangements in place for sleep-ins and ensure compliance with NMW obligations. The risks faced by the Council should it choose not to support providers in doing so and ensuring that the NMW is paid for each hour of time worked are set out in Section 3.11 and 3.12 above.

Equalities impact

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

Sustainability impact

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

Consultation and engagement

- 9.1 All providers of sleepover services have been consulted on the impacts arising for them of the EAT ruling and have contributed to the production of this report.

Background reading / external references

Employment Appeal Tribunal Ruling: Esparon v Slavikovska, UKEAT/0217/12/DA

Peter Gabbitas

Director of Health and Social Care

Contact: Chris Whelan, Contracts Manager

E-mail: chris.whelan@edinburgh.gov.uk | Tel: 0131 553 8362

Links

Coalition pledges

Council outcomes

Single Outcome

Agreement

Appendices

Finance and Resources Committee

2.00pm, Wednesday 13 May 2015

Revenue Budget Framework 2016/20 update

Item number	7.4
Report number	
Executive/routine	
Wards	

Executive summary

The report appraises members of the results of a review of the key income and expenditure assumptions contained within the Council's long-term financial plan. This review has reaffirmed previous savings requirement estimates and, as such, the need to look beyond savings offered through the Council's transformation programme to more fundamental service prioritisation in order to secure longer-term financial sustainability.

Links

Coalition pledges	P30
Council outcomes	CO25
Single Outcome Agreement	n/a

Revenue Budget Framework 2016/20 update

Recommendations

- 1.1 Members of the Finance and Resources Committee are requested to note:
 - 1.1.1 the results of the review of the main assumptions underpinning the long-term financial plan, reaffirming the need to deliver at least £67m of savings over the next three years and some £107m over the period to 2019/20;
 - 1.1.2 the additional measures taken since the previous update geared towards securing the delivery of a sustainable, priority-based budget in 2016/17 and future years; and
 - 1.1.3 that a further report on the Council's wider financial strategy will be presented to the Committee's next meeting on 4 June.

Background

- 2.1 The Council was one of the first local authorities in Scotland to introduce a long-term financial plan, doing so in October 2009. Since that time, the plan has served as a consistent framework to capture changes in the Council's main expenditure and income assumptions, highlighting both short- and longer-term pressures and acting as the foundation for the development of corresponding savings plans necessary to balance the overall budget. Although the current constitutional and economic landscape makes planning, even in the medium term, challenging, it is still vital in providing an evidenced backdrop to the need for fundamental service change and prioritisation.
- 2.2 While this report sets out the principal findings of the recent review of the assumptions contained within the long-term financial plan, it is important to emphasise that the plan's main purpose is to inform the Council's financial strategy. With this in mind, a further report on the strategy, providing additional detail in some of the areas set out within this report, will be brought to the Committee's next meeting on 4 June.
- 2.3 In overall terms, the review has reaffirmed earlier estimates of the scale of savings required over the next five years, as well as underlining a continuing need to deliver savings over the remainder of the ten-year timeframe covered by the plan.

Expenditure - inflation-linked factors

- 3.1 While current inflation rates are unprecedented in recent times, the Office for Budgetary Responsibility's medium-term target (as measured by annual changes in the Consumer Price Index (CPI)) remains at 2%. The level of inflation directly or indirectly influences a number of aspects of the Council's expenditure, including pay awards, sums due through index-linked contracts (particularly the PPP and current ICT contracts but also those negotiated at a national level on councils' behalf, such as for older people's residential care), energy costs and non-domestic (business) rates. In 2015/16 alone, the Council's budget included over £10m in respect of inflationary uplifts relative to the previous year.
- 3.2 Although index-linked contracts will in most cases see in-year benefits resulting from the application of lower-than-budgeted inflationary uplifts, the impact on future years' incremental provision is likely to be more modest and, on that basis, no change to plan assumptions beyond 2015/16 is proposed at this time. Pay award provision has been aligned to the employers' offer of a 2.5% increase over the period 2015/16 and 2016/17, with provision for up to 1.5% made annually thereafter.

Demographic provision

- 3.3 The additional demand for the Council's services arising from demographic change has been well-documented; the overall primary school roll, for example, is predicted to increase by a quarter between 2010 and 2020 and the number of the city's inhabitants over the age of 65 to rise by 65% by 2035. The long-term financial plan already provides for significant additional annual investment of nearly £10m across these areas, alongside increases in the numbers and complexity of need of those with physical and/or learning disabilities and at-risk children.
- 3.4 A review of the appropriateness of the current level of provision has been initiated, the full results of which will be reported to the Committee's next meeting on 4 June. The Acting Director of Services for Communities has, however, additionally highlighted waste collection and disposal costs associated with the on-going projected increase in the number of households across the city. Corresponding incremental annual provision of £0.348m has therefore been introduced within the plan with effect from 2016/17.
- 3.5 Recently-published data also indicate that pupil rolls across the primary and secondary sectors are increasing more quickly than was anticipated at the time the existing level of provision within the long-term financial plan was made. The corresponding increased teacher requirement has particular significance given the Scottish Government's explicit focus upon maintaining both teacher numbers and, more particularly, teacher ratios, going forward. For planning purposes, the Council's share of the £10m of additional resources provided by the Scottish

Government to support implementation of the policy (some £0.65m) has been assumed to be available going forward but further analysis will be undertaken to assess projected overall staffing requirements given that failure to maintain current ratios could result in a reduction in grant funding of up to £2.634m.

Legislative change

- 3.6 Recent years have seen a succession of new Scottish Government policies and commitments. The general line adopted by COSLA under the current partnership approach, however, has been that all such policies require to be fully funded. Across the piece, this strategy has been successful, with the introduction of free school meals for all P1 to P3 pupils, expansion of early years and childcare provision and further duties under the Children and Young People Bill assumed to have no net impact on the Council's overall savings requirement, with the additional funding provided offsetting the related costs of delivery.
- 3.7 A number of other changes do, however, place additional expenditure demands on the Council. Members will recall that, in setting the 2015/16 revenue budget, savings in loans charges were identified to offset the part-year impact of increases in employers' teacher pension contributions. Given the mid-year implementation date of the changes, a further £1.3m pressure impacts on 2016/17. Following a review of planned borrowing, debt redemption and likely movements in the loans fund pool rate, however, offsetting loans charge savings have now been identified.
- 3.8 A key contributor to the Council's overall savings requirement in 2016/17 is the removal from April 2016 of the current employer's contracted-out National Insurance (NI) rebate as part of the introduction of a single-tier state pension. The rebate equates to 3.4% of NI-able pay and, given high existing pension scheme membership, its loss has significant financial implications, estimated at up to £12m per year. There is, as yet, no indication of any compensating funding being made available at UK or Scottish Government level and, on that basis, full provision has been made within the long-term financial plan.
- 3.9 Whilst complying in full with all legal requirements in respect of pensions auto-enrolment implementation, the Council exercised its right to adopt the "transitional period", whereby all employees who had previously chosen to opt out of the Lothian Pension or Teachers' Pension Schemes were not automatically enrolled back in. This period ends in September 2017, at which point overall scheme membership is anticipated to increase, although the extent of this increase is difficult to predict. Existing provision within the long-term financial plan has, however, now been reprofiled to reflect the mid-year implementation of the change.

Government grant and non-domestic rates funding

- 3.10 Given the on-going freeze in Council Tax levels (2015/16 is the eighth successive year's freeze), after taking account of structural changes affecting the range of services delivered by local government, the proportion of total funding supported by Government Grant and non-domestic rates has been increasing year on year. Other than raising additional income through fees and charges, this therefore represents the key income determinant of the Council's overall savings requirement.
- 3.11 At present, the Local Government Finance Settlement is supported by two main sources; an allocation from the wider Scottish Block and total Scotland-wide income generated through non-domestic rates. The size of the former is influenced by the workings of the Barnett formula, with changes in funding for services in England triggering equivalent adjustments to the level of support for Scotland. It is important to emphasise, however, that the Scottish Government has discretion as to how these resources are applied and is therefore not bound by equivalent spending decisions in England.
- 3.12 Over recent years, the imposition of more severe average reductions on functions reserved to Westminster has shielded Scotland from an element of the reductions underpinning the UK Government's deficit reduction programme. This said, in overall terms, it is estimated that the overall Scottish budget will fall by almost 20% in real terms between 2009/10 and 2018/19.
- 3.13 A one-year Local Government Finance Settlement for 2015/16 was announced in December 2014; subsequent years' settlements are therefore inherently more subjective. While Edinburgh's absolute level of grant fell in 2015/16 due to a previous overestimate of the extent of growth in the city's population, now that this has been corrected, the anticipated overall level of population increase going forward is, along with Aberdeen, the highest in proportionate terms of any of Scotland's local authorities. It should be stressed, however, that, in the context of upcoming settlements that are expected to be, at best, cash-neutral, the effective level of per capita support will continue to reduce.
- 3.14 Taking into account anticipated changes in the level of the Scottish Block, Non-Domestic Rates income and the Scottish Government's continuing commitment to increase real-terms spending at health board level, the long-term financial plan assumes a net overall year-on-year reduction in combined external funding of 0.5% in each of 2016/17, 2017/18 and 2018/19. A "flat-cash" position (with the potential for an upside, based on recent economic forecasts) is assumed in 2019/20, with modest cash-terms increases assumed thereafter.

Council Tax

- 3.15 The Scottish Government has intimated its intention to develop a replacement for the current system of Council Tax and, to this end, established the Commission on Local Tax Reform in early 2015. Given that the Commission's

deliberations remain at a formative stage, however, current forecasts of available resources are based on existing arrangements.

- 3.16 The Scottish Government has previously committed to maintaining a freeze in Council Tax levels for the duration of the current Parliamentary term which ends in May 2016. The plan assumes that the freeze will end at this point, with the combined impact of the increase in properties and inflation-linked uplift adding 3% to each subsequent year's Council Tax revenues. These assumptions will be kept under review as the recommendations of the Commission on Local Tax Reform, and changes stemming from the Smith Commission more generally, become clearer.

Overall impact of changes

- 3.17 Further details of the specific assumptions underpinning the long-term financial plan will be reported to the Committee as part of the Council's wider financial strategy on 4 June. In overall terms, however, the minor changes made within the five-year period to 2019/20 are broadly neutral, reinforcing the need to identify at least £67m of savings in the period to 2017/18 (of which £22m have already been approved for delivery in 2015/16) and annual, recurring savings of £107m by 2019/20.

Savings assurance assessments

- 3.18 Following approval by Council, an updated assurance exercise was undertaken to assess the extent to which implementation plans, with clearly-assigned responsibilities and timescales, were in place for savings approved for delivery as part of the February 2015 or previous years' budget motions. While this review indicated appropriate arrangements had been developed for the majority of approved proposals, a number were prioritised to allow the approved savings, or agreed alternatives, to be delivered on a sustainable basis.
- 3.19 Progress in developing implementation plans and delivering resulting savings forms a key element of discussions at the recently-established budget challenge meetings and a summarised position will be reported to CMT and the Finance and Resources Committee on a quarterly basis, with additional detail provided to relevant Executive Committees.

Development of additional savings proposals for 2016/17

- 3.20 Members will be aware from the report to the Finance and Resources Committee on 19 March that the workstreams comprising the Council's transformation programme have the potential to deliver additional savings of up to £11m in 2016/17 and £31m by 2018/19. Relative to the total savings requirements for those years, however, this leaves a need to identify further proposals to a value of at least £20m in 2016/17 and £34m by 2018/19.
- 3.21 These net savings requirements furthermore assume full delivery of all previously-approved proposals in 2015/16 and subsequent years; the 2015/16 budget approved by Council on 12 February, for example, was underpinned by

almost £40m of savings. Significant current-year pressures are also apparent in both Health and Social Care and Corporate Property; in the case of the former, mitigating actions of some £6m still require to be identified, with savings associated with a number of approved proposals also assessed to be at risk.

- 3.22 Given the extent of these challenges, the Corporate Management Team has now initiated, in consultation with relevant elected members, a three-year, prioritisation-based approach. This approach will take due account of key public engagement findings, particularly the relative priorities as expressed through the results of the budget planner.
- 3.23 In order both to provide an element of flexibility in the management of risks and pressures and to allow for a degree of political prioritisation, Directors have been instructed to develop proposals, capable of full implementation by April 2016, to a total value of at least £34m. These proposals will initially be considered at transformation programme board level in the context of the Council's overall priorities. Those proposals ultimately taken forward will be closely aligned to, and monitored alongside, the transformation programme to ensure strategic fit and avoid potential double-counting of savings.

Cash-limited approach to Health and Social Care

- 3.24 The motion approved at the Committee's meeting of 19 March requested that the implications of applying a cash-limited approach to the Health and Social Care budget be considered. Such an approach would be similar to that applied to the former Police and Fire Joint Boards, where sums were requisitioned from constituent councils in accordance with the broad expenditure levels underpinning the respective councils' grant funding settlements. Decisions on the precise measures to be adopted in delivering necessary savings to keep within these overall allocations were then taken by the Boards.
- 3.25 The position with regard to services falling within Health and Social Care remit is complicated by moves towards full integration with effect from April 2016. Further discussion is therefore required with health colleagues to determine how the commissioning nature of the Integration Joint Board is best aligned to the Council's (and indeed NHS Lothian's) budgeting and public engagement processes and a specific recommendation will be made as part of the Council's wider financial strategy in the follow-up report to the Finance and Resources Committee on 4 June.

Measures of success

- 4.1 Relevant measures in setting the Council's revenue budget include:
- accurate capturing and quantification of the key determinants of the Council's overall expenditure requirement and available sources of income, allowing a balanced overall budget for 2016/17 to be set as part of a longer-term framework;

- development of savings and investment options aligned to the Council's priority outcomes, with due opportunity provided for public consultation and engagement; and
- subsequent delivery of the approved savings, particularly where these are linked to additional service investment.

Financial impact

- 5.1 Inclusion of additional revenue investment within the budget framework is contingent upon the development, and subsequent delivery, of corresponding savings, alongside management of all risks and pressures, particularly those of a demand-led nature.

Risk, policy, compliance and governance impact

- 6.1 The savings assurance process is intended to ensure that, as far as is practicable, those proposals approved by Council deliver the anticipated level of financial savings in a way consistent with the anticipated service impacts outlined in the respective budget templates.

Equalities impact

- 7.1 As in previous years, those proposals comprising the budget framework will be assessed for their corresponding potential equalities and human rights impacts. The results of these assessments will be referred to Council to ensure that members pay due regard to them in setting the Council's 2016/17 budget on 11 February 2016.

Sustainability impact

- 8.1 The proposals comprising the budget framework will also be subject to an assessment of their likely corresponding carbon impacts. As with the equalities impacts, the results of these assessments will be referred to Council to ensure that members pay appropriate regard to them in setting the Council's 2016/17 budget on 11 February 2016.

Consultation and engagement

- 9.1 As in previous years, draft budget proposals will be the subject of around eleven weeks' public engagement and consultation, with the feedback received shaping the final budget in February. In addition, Directors have been asked to take explicit account of the priorities of the city's residents as expressed through the budget planner in developing proposals to address residual savings

requirements.

Background reading/external references

[Revenue Budget Framework 2016-2020](#), Finance and Resources Committee, 19 March 2015

Alastair D Maclean

Director of Corporate Governance

Contact: Hugh Dunn, Head of Finance

E-mail: hugh.dunn@edinburgh.gov.uk | Tel: 0131 469 3150

Links

Coalition pledges	P30 – Continue to maintain a sound financial position including long-term financial planning
Council outcomes	CO25 – The Council has efficient and effective services that deliver on objectives
Single Outcome Agreement	n/a
Appendices	None

Finance and Resources Committee

2.00pm, Wednesday 13 May 2015

Council transformation programme: status report

Item number	7.5
Report number	
Executive/routine	
Wards	All

Executive summary

This report provides the Finance and Resources Committee with the second status update on the Council transformation programme, aimed at delivering a lean and agile Council, centred on customers, services and communities.

Links

Coalition pledges	P30
Council outcomes	CO25
Single Outcome Agreement	SO1, SO2, SO3 & SO4

Council transformation programme: status report

Recommendations

- 1.1 To note the status of the Council Transformation Programme.

Background

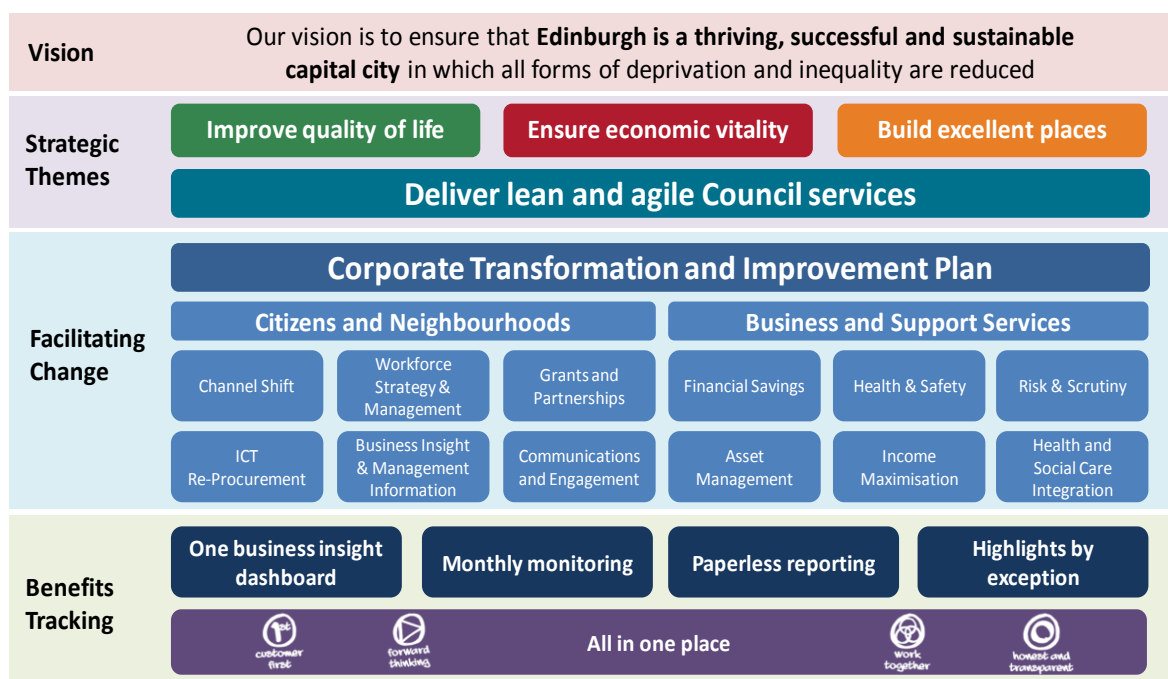
- 2.1 The Council continues to operate in a challenging environment with increases in demand for services within ongoing financial constraints. In response the Council has developed a transformation programme aimed at building a lean and agile organisation, centred on customers, services and communities.
- 2.2 A full overview of the strategic direction of the Council was considered by the Corporate Policy and Strategy Committee on 12 May 2015, covering all key areas of the Council's business planning framework, the Council's transformation programme, Best Value audit priority actions and preparation for a further service prioritisation approach.
- 2.3 This Committee will also consider the Council's revenue budget framework 2015-2020 savings requirement estimates and the need to look beyond savings offered through the Council's transformation programme to more fundamental service prioritisation in order to secure longer-term financial sustainability.
- 2.4 This report provides a progress update and overview of the following specific areas of the Council's transformation programme, in particular:
 - 2.4.1 Council transformation and improvement approach;
 - 2.4.2 Delivery model blueprint and design; and
 - 2.4.3 Programme management office and benefits realisation.
 - 2.4.4 Channel Shift: in depth overview of progress.
 - 2.4.5 Status updates: Council transformation programme workstreams:
 - 2.4.5.1 Citizens and Neighbourhoods;
 - 2.4.5.2 Business and support services;

- 2.4.5.3 Grants and partnerships;
- 2.4.5.4 Asset management strategy; and
- 2.4.5.5 Workforce strategy and management.

Main report

3.1 Council transformation and improvement approach

- 3.2 The Council Transformation Programme sets out an integrated programme of projects pulling together all aspects of transformation. The plan comprises two core projects, supported by a number of cross-cutting workstreams.
- 3.3 Citizens and Neighbourhoods: this project will deliver a new operating model for the Council in which services have an enhanced focus on local communities. The project will improve local control over services and priorities, reduce bureaucracy and deliver more resources to the frontline.
- 3.4 Business and Support Services: this project will deliver a new model for the provision of central support for Council services. The project will provide a strong strategic centre to support frontline delivery, streamline processes and help move towards a 'right first time', customer focussed approach.
- 3.5 These projects are supported by a range of initiatives aimed at improving customer outcomes and providing best value for money.



3.6 Delivery model blueprint and design

- 3.7 The Blueprint includes the design principles of the future organisation based on the strategic choices made to date and data collected throughout the duration of the programme. This has been considered by programme board and a more

detailed design mandate illustrating the future organisational design is being developed. The final versions and proposals will be brought to this Committee for consideration with an indicative high level roadmap for a phased transition and implementation.

3.8 **Programme management office and benefits realisation**

3.9 A Programme Management Office (PMO) has been established to support the delivery of the Transformation Programme.

3.10 Key deliverables in this reporting period included:

- 3.10.1 a Programme Dashboard that details project progress, risks and issues with mitigating actions, and financial budgetary information has been established;
- 3.10.2 defined core project and programme documentation, toolkit and methodologies;
- 3.10.3 shared document repository to facilitate inter-project working;
- 3.10.4 facilitated group and 1:1 sessions to develop project plans, dependencies and change control procedures; and
- 3.10.5 a change control cycle for programme roll-out.

3.11 The PMO is currently being developed and managed in partnership with EY. A transition plan is being devised to transfer leadership of this function to the in-house Council team. Further planned activities include developing and incorporating benefits and actual cost tracking into the programme dashboard, introducing a consolidated dependency tracker and consolidating all workstream project plans in to an integrated programme level plan with key milestones.

3.12 **Channel Shift: in depth overview of progress**

3.13 The Council currently receives over 3.7 million individual contacts from citizens every year. Over 88% of these contacts are over the phone with the majority of the remainder being face to face. This project aims to reduce the cost of delivery of a wide range of Council services by shifting the channel used for customer contact to the most efficient and appropriate.

3.14 The ICT Strategy (October 2013) and ICT Transformation programme began the process of allowing our customers to transact digitally by delivering:

- 3.14.1 a responsive website, co-designed with Edinburgh citizens, available on all devices including mobile phones and SMART TV;
- 3.14.2 over 30 different types of digital transactions;
- 3.14.3 a single CRM (Customer Relationship Management) tool; and
- 3.14.4 validated customer sign-in through the MyGovScot account, a national solution intended to link all public services used by a citizen through one

account. City of Edinburgh Council is the first local authority to launch this service.

- 3.15 All the online transactions introduced as part of the channel shift initiative are fully automated and eliminate any need for costly manual intervention or additional processing steps. Other similar initiatives currently in service areas of the Council are being assessed and supported via the evolving pipeline to ensure all benefits area realised from real shifts to online processing.
- 3.16 Savings achieved to date
- 3.17 Savings have been achieved by the Channel Shift project from within the Contact Centre, taking into account the efficiencies provided by the introduction of the 37 online transactions and the CRM. Details are provided in the table below:

	2015/16		Commentary/Action Plan
	£k	%	
Savings Target	430,870		Figures are net of investment required
Achieved to Date	355,000	82	17 F.T.E reduction in the Contact Centre. All reductions have been achieved through the exit of agency staff.

- 3.18 Aligned to this initiative, the wider ICT re-procurement process continues to progress successfully, on target to achieve an annual financial savings benefit to the Council of a projected £6m per annum.
- 3.19 Customer Account (MyGovScot)
- 3.20 Significant work has been completed, working closely with [The Improvement Service](#), to improve the customer experience and usability of the MyGovScot account, including:
- 3.18.1 making it easier to change a forgotten username or password;
 - 3.18.2 increasing the amount of special characters that can be used in passwords; and
 - 3.18.3 adding 'help' page links.
- 3.21 All changes were identified through user testing (carried out with both customer and staff groups). This evidence then formed the basis of discussions and change plans with The Improvement Service.
- 3.22 Further changes are required to provide explanations and simplify terminology within both the City of Edinburgh Council website and the MyGovScot account site. This work is being carried out in conjunction with The Improvement Service with a high level of input from ICT Solutions staff.

3.23 Marketing

3.24 The channel shift marketing strategy and promotional plan is in the final stages of development and will be completed over the coming weeks. The primary aim of this marketing strategy is to drive the numbers of residents, colleagues and other users of council services using online transactions, by maximising awareness of our online services, demonstrating how easy it is to transact with the Council digitally. The marketing activities have been split into both tactical (using simple, smaller methods which achieved some results) and wider, strategic solutions:

3.25 Tactical: The first stage of the strategy was developed and delivered from September to December 2014. This used all existing channels, social media and online advertising to promote channel shift to residents. Examples included messages on some existing customer facing communications: press releases, blogs, Council Tax envelopes, telephone on- hold system messages, email footers and letters.

3.26 Small scale social media and search engine advertising was utilised using the following routes:

3.26.1 Facebook advertising saw a CTR (click through rate) of 1.6%. The marketing industry standard is 1% (The Lane, media buyers for Marketing Edinburgh, 2015); and

3.26.2 Google advertising campaign saw a CTR of 7.5%. The marketing industry standard is 2% (The Lane, media buyers for Marketing Edinburgh, 2015).

3.27 Strategic: The visual images and messages that will be used in both the internal and external marketing campaigns have been developed and tested with a cross-section of citizens and local businesses.

3.28 Prior to the main external campaign, there will be internal communications across the organisation. This will take place in May 2015 and will ensure colleagues across the organisation understand the benefits of adopting the digital channel for the Council and citizens.

3.29 The external marketing campaign will launch in June 2015.

3.30 Data Collection and Cleansing

3.31 A further refinement and gap analysis of the transactional data (what transactions are carried out, what channels are currently used and what is the volume of the transactions) is currently being collected:

3.31.1 The target completion date for this exercise is the end of April 2015; and

3.31.2 The output from this exercise will form the basis of the additional pipeline of transactions for development.

3.32 Significant progress has been made by teams from Customer Services and Housing to manually match customer data held in the Council Tax and Housing

systems. Unmatched data creates multiple records for the same customer. This better quality data will contribute to the “single view of the customer” which will inform how we proactively transact with citizens in the future.

3.33 After all automated processes were exhausted 9,000 unmatched records in the iWorld system (Council Tax and Housing) were identified which required manual matching. This involved the development of a standard matching process and preventative strategies for future data capture quality.

3.34 **Status updates: Council transformation programme workstreams**

3.35 High level details of the current status for each of the other transformation programme workstreams is outlined below.

3.36 **Citizens and Neighbourhoods**

3.37 The main focus of the Citizens and Neighbourhoods (CNS) project has been undertaking activity analysis to establish the “as-is” position of the functions in scope. This work has involved mobilisation of a team of Change Representatives from across front line services to undertake activity analysis. The activity analysis is now well underway and will also capture opportunities for savings and improvements as well as the current position.

3.38 The CNS project have also been using the activity analysis as a key engagement activity with staff to provide the context in which the task is being undertaken and using the various forums to communicate the need for change in relation to the financial and other environmental factors that necessitate the need for change.

3.39 In addition, the project team are focussing on validation of the assumptions included in the business case approved by Finance and Resources Committee on 15 January 2015 with the primary focus at this time being on the reduction in management layers that underpinned a significant part of the savings contained in the business case.

3.40 **Business and Support Services**

3.41 Change representatives from the business and support services project team have focused on completing activity analysis and identifying opportunities across all identified functional areas, engaging directly with staff. This exercise is close to completion and analysis of the data is underway supported by ‘strength and opportunity’ workshops with a representative range of Council staff. To verify the accuracy of the data a range of validation and review sessions are being undertaken.

3.42 The outputs of activity analysis will support the design process to create the future model for integrated support services in the Council. The design activities

for a range of early adopter functions and phasing of future services into the new model, once agreed, is underway.

3.43 **Grants and Partnerships**

3.44 This workstream is focused on service-led coproduction of new grant and contract programmes for 2016/17. This has been supported in the initial stages by regular senior level engagement between the Council, third sector and partners to oversee the co-production process and manage delivery of project objectives.

3.45 Key delivery milestones include:

3.45.1 new coproduced programme proposals for 2016/17 to be agreed by Executive Committees by September 2015; and

3.45.2 new programme awards made by Executive Committees by March 2016.

3.46 **Asset Management Strategy**

3.47 The Asset Management Strategy (AMS) work stream has now been fully established. Rob Leech has been appointed as SRO, working alongside the existing Corporate Property management team, to lead the development of the AMS business case for submission to this Committee in June 2015.

3.48 In parallel with the appointment of the SRO, Deloitte has been appointed as strategic partner to develop the AMS business case and work commenced in March 2015. Deloitte's scope includes setting up the AMS Project Management Office and establishing the Corporate Property financial baselines. Three business cases are then to be developed in relation to:

3.48.1 Service Delivery Optimisation which will focus on reviewing Corporate Facilities Management and Buildings Programmes;

3.48.2 Estate Rationalisation focussing on the Councils operational assets; and

3.48.3 Investment Portfolio Optimisation focussing on non-operational assets.

3.49 The first six weeks of the Deloitte commission involved project set up and fact finding and the following activities are now complete:

3.49.1 a Project Initiation Document (PID) has been developed setting out the AMS mandate and objectives; key success criteria and KPIs; governance arrangements; key stakeholders; programme controls; deliverables and programme;

3.49.2 a scoping exercise defining the AMS boundaries;

3.49.3 validation of baseline costs, budgets, investment levels and savings;

3.49.4 development of a comprehensive Assumptions Book which will be used to underpin the business case;

- 3.49.5 mapping property and facilities management (FM) overlaps between AMS and the other Transformation Programme work-streams; and
- 3.49.6 formation of current state to future state opportunities.
- 3.50 Work is now underway to develop transformational options to establish the value, scope and extent of savings opportunities. The current target date completion for the Deloitte business case is early-mid May 2015.
- 3.51 **Workforce strategy and management**
- 3.52 The main focus of this workstream has been to define the scope, governance and implementation arrangements for the following eight workstreams: Trade Union Engagement/Consultation; Head of Service Appointments; Organisational Design and Implementation; VR/VERA Payments; Career Transition and Redeployment; Senior Leadership Support & Culture Development; Transformation Insight; and Individual and team Development. These will support implementation of the high level structures outlined in Organise to Deliver.
- 3.53 Engagement has commenced with Trade Unions, through the Partnership at Work forum. An engagement strategy was agreed with the unions, resulting in the first of several meetings taking place with them to discuss initial proposals around the Citizens and Neighbourhoods Services and Business Support Services workstreams. Further meetings to engage on the other transformation workstreams are being scheduled.
- 3.54 **Next steps**
- 3.55 The transformation programme will deliver final proposals for consideration by this Committee on 4 June 2015 as follows:
- 3.55.1 Delivery model blueprint and design;
- 3.55.2 Career transition, re-deployment and redundancy; and
- 3.55.3 Asset management strategy.

Measures of success

- 4.1 The business cases have identified significant financial and non-financial benefits associated with the overall transformation programme.
- 4.2 The PMO will develop a clear financial and non-financial benefits framework and this will form the basis of bi-monthly reporting to Committee.

Financial impact

- 5.1 The estimated recurring savings from the most likely scenario set out in the business cases after 5 years is £48.8m.
- 5.2 Based on the assumptions underpinning the business cases, it is estimated that £34.0m of additional savings will be realised, excluding potential overlaps with operational savings, primarily captured in the 2015/16 budget of £12.8m and estimated savings attributable to the Housing Revenue Account of £2m.

Risk, policy, compliance and governance impact

- 6.1 A risk register has been developed as part of the PMO and reported monthly to the programme board and bi-monthly to Finance and resource committee

Equalities impact

- 7.1 The recommendations described within this report are relevant to the Equality Act 2010 public sector equality duty. As such, all business cases have been subject to an equalities and rights impact assessment. In summary, these assessments indicate that the proposed move to a four area locality model will provide new opportunities to strengthen partnership activity and public services to improve rights related to safety, health, education, standard of living and the environment. The ERIA will be ongoing for the duration of the delivery of the projects with appropriate advice from equality and rights advisors. This will ensure:
- 7.2 New locality management arrangements and local community engagement arrangements take cognisance of the needs of equalities communities of interest in addition to communities of place
- 7.3 New grant and contract programmes are designed to ensure the protection of the most vulnerable communities, families and individuals to maintain equality of opportunity.
- 7.4 Face to face contact and other contact channels are maintained for individuals, families and groups that have difficulties when accessing new or IT based channels.

Sustainability impact

- 8.1 The recommendations of this report have been assessed in line with the public bodies duties described within the Climate Change Scotland Act (2009). In summary, a move to enhanced locality working will provide for new opportunities to strengthen the Councils work to mitigate against climate change, adapt to climate change and act in a more sustainable manner.

Consultation and engagement

- 9.1 The Council transformation programme has engaged with staff using a number of methods, including drop-in sessions, workshops, a dedicated e-mail address, ORB page, blog and communications updates.
- 9.2 A comprehensive customer and employee engagement plan will be developed for each of the workstreams with a dedicated overarching change plan, involving staff, elected members, partners and trade unions.

Background reading/external references

None.

Alastair Maclean

Director of Corporate Governance

Contact: Jim McIntyre, Programme Director

E-mail: jim.mcintyre@edinburgh.gov.uk | Tel: 0131 123 4567

Transformation programme:

Alan Coyle: Citizens and Neighbourhoods Email: alan.coyle@edinburgh.gov.uk

Steve Langmead: Channel Shift/BSS: Email steve.langmead@edinburgh.gov.uk

Kirsty-Louise Campbell: Business and Support Services: Email:

kirstylouise.campbell@edinburgh.gov.uk

Rob Leech: Asset Management Strategy: Email rob.leech@edinburgh.gov.uk

Links

Coalition pledges	P30 - Continue to maintain a sound financial position including long term financial position.
Council outcomes	CO25 – The Council has efficient and effective services that deliver on agreed objectives.
Single Outcome Agreement	SO1 – Edinburgh’s Economy Delivers increased investment jobs and opportunities for all. SO2 – Edinburgh’s citizens experience improved health and wellbeing, with reduced inequalities in health. SO3 – Edinburgh’s children and young people enjoy their childhood and fulfil their potential. SO4 – Edinburgh’s communities are safer and have improved physical and social fabric.

Appendices

Finance and Resources Committee

2.00pm, Wednesday, 13 May 2015

Culture and Sport: Income Generation in Museums and Galleries

Item number	7.6
Report number	
Executive/routine	
Wards	Citywide

Executive summary

As requested through the Council transformation programme, this report details the ways in which the Museums and Galleries service provided by Culture and Sport is maximising income streams across its venues, services and activities. The report details the new income streams being developed by Museums and Galleries, through income diversification, innovation, partnerships and business development, to meet the service's existing and future income targets.

The annual net revenue spend of £2m on Museums and Galleries represents approximately 0.2% of the Council's revenue budget. Data from the 2013/14 Local Government Benchmarking Framework shows that the cost per museum visit went down over the three years to 2013/14, and was lower than in any other major Scottish city authority. Satisfaction with the Council's museums and galleries was recorded as higher than for any other Scottish local authority over the same period. In common with the rest of Culture and Sport, the Museums and Galleries achieved Customer Service Excellence accreditation in December 2014.

Links

Coalition pledges	P23
Council outcomes	CO7
Single Outcome Agreement	SO1

Culture and Sport: Income Generation within Museums and Galleries

Recommendations

It is recommended that Committee:

- 1.1 notes the contents of this report, which was requested through the Council transformation programme, on how Culture and Sport will meet additional savings identified over the next three years by maximising income across the Museums and Galleries service.

Background

- 2.1 A business case for modernising the Museums and Galleries service was made in a report entitled [A New Future for the City's Museums and Galleries](#), which was approved in February 2008 by the then Culture and Leisure Committee.
- 2.2 This long term modernisation programme, begun in 2008, is still under way. A selection of reports detailing key steps taken since then is provided in the Background Reading section below.
- 2.3 The modernisation approach is based on: prioritisation, re-positioning, partnership development, property rationalisation (through alternative uses) and income generation. This will ensure that the Council provides a sustainable, high quality, vibrant and relevant museums service that meets the expectations of visitors whilst also contributing to the well-being and quality of life of local residents. Targets are provided in the [Edinburgh Museums and Galleries Service Plan 2013-2018](#). Key elements of this detailed plan are reported regularly to the Corporate Governance management team, as part of its monitoring of the Corporate Governance Service Plan.
- 2.4 As a result of this modernisation programme, there has been a culture shift in how the service is delivered; there is now a stronger focus on income generation coupled with recognition that the visitor is the main priority and that quality is essential. An increasingly customer-focused, entrepreneurial approach is developing which will ensure continued improvement and effective use of resources.
- 2.5 Partnership working is central to a sustainable service. It allows the service to develop through the effective use of resources while reducing revenue spend.

- 2.6 Successful partnership working to date includes:
- 2.6.1 the Twelve Monuments Project which restored key monuments within the city in partnership with EWHT between 2008 and 2012 – including the Nelson Monument, which generates income from visitors;
 - 2.6.2 the restoration of the Old Observatory House on Calton Hill in partnership with the Vivat Trust to convert the building into a high quality holiday let, which has been open for lets since February 2011. From this year onwards, a 50% profit share will be used to re-invest in the restoration of the Old Observatory complex;
 - 2.6.3 In 2012, the refurbishment of Acheson House and Phase One of the redevelopment of the Museum of Edinburgh was completed in partnership with the Registers of Scotland and Edinburgh World Heritage Trust; and
 - 2.6.4 the ongoing restoration of the Old City Observatory and City Dome on Calton Hill in partnership with the Collective Gallery. A £3m Phase II development is under way, supported by the Capital Asset Management Programme, the Heritage Lottery Fund, Creative Scotland, Edinburgh World Heritage Trust, Historic Scotland and other funding bodies.
- 2.7 Income maximisation is integral to all aspects of service delivery and is central to customer service excellence. The Museums and Galleries service makes applications to trusts, foundations and grant-making bodies for income to support its projects, acquisitions, capital improvements and staffing. In addition, the service earns income through various activities to help deliver the service. In 2014 a decision was taken to provide a proportion of this earned income towards the Council's savings targets. The income and savings targets are shown below.

Baseline income target (£)	Income targets increased to produce savings towards the Council's budget savings target (£)			
2013/14	2014/15	2015/16	2016/17	2017/18
564,597	595,597	639,097	670,097	702,097
	Element of income from each year's overall target allocated to the Council's budget savings target			
	31,000	43,500	31,000	32,000

- 2.8 The most significant source of income earned by the Museums and Galleries service is the admission charge for visitors to the Scott and Nelson Monuments.

Between April 2008 and March 2013, this generated just over £1m in total, as shown in the table below.

	2008/09	2009/2010	2010/2011	2011/2012	2012/2013	Five year total income
Scott Monument	140,497	169,951	184,747	186,791	172,863	854,849
Nelson Monument	25,714	11,014	49,352	60,109	57,075	203,264
Total income (£)	166,211	180,965	234,099	246,900	229,938	1,058,113

2.9 Other income is earned through:

- 2.9.1 retail;
- 2.9.2 catering;
- 2.9.3 the admission charge to Lauriston Castle;
- 2.9.4 the public programme (events, lectures, family and children workshops);
- 2.9.5 venue hire;
- 2.9.6 donations;
- 2.9.7 the picture loan scheme;
- 2.9.8 rentals Tron Kirk and the Old Observatory House; and
- 2.9.9 the admission charge to selected exhibitions at the City Art Centre.

2.10 Discussions are under way with Ernst and Young as part of the Council transformation programme to review the existing catering offer. Any further opportunities identified will be the subject of a procurement process. A new strategy to encourage donations will also be implemented this year, with support from the Communications service.

2.11 The 2013/14 Local Government Benchmarking Framework shows that the cost per museum visit went down in Edinburgh over the three years to 2013/14, and was lower than in any other major Scottish city authority. Satisfaction with the Council's museums and galleries was recorded as higher than for any other Scottish local authority over the three years to 2013/14. See appendix two for data. In common with the rest of Culture and Sport, the Museums and Galleries achieved Customer Service Excellence accreditation in December 2014.

Main report

- 3.1 As noted above, the income target for the Museums and Galleries service in 2015/16 is £639,097 rising to £702,097 in 2017/18, and a proportion of this is provided towards the Council's savings targets.
- 3.2 In 2015/16 the Museums and Galleries service will focus on areas that:
- 3.2.1 have produced high levels of income to date;
 - 3.2.2 have the potential to maximise income with minimum investment;
 - 3.2.3 have been tested in the sector and shown to have the capacity to 3.2.4 generate additional income (such as venue hire and memberships); and
 - 3.2.5 will allow the service to interact more meaningfully with target audiences and increase customer spend.
- 3.3 Specific projects to be initiated in 2015/16 therefore include:

Project	Timescale
Review of catering	April 2016
New membership scheme	Under review due to staff vacancies
A full and detailed pricing review including competitor analysis	April 2016
Donation strategy	September 2015
Writer's Residence at the Writers' Museums	June 2016
Expanded retail offer at the Writers' Museum	July 2015
A review of existing franchise arrangements and contracts and re-tendering where appropriate	July 2015
Implementing a new digital strategy to develop and improve the customer experience and maximise customer spend, through better customer relationship management and feedback, online transactions, website development and digital storytelling	Phase One – digital storytelling June 2015

- 3.4 Visitor research will be carried out to explore alternative opening hours to test whether the existing opening hours meet the needs of visitors. Changes to opening hours may attract people who would not otherwise visit the venues, and

increase attendance by the existing audience.

Measures of success

- 4.1 A continued increased in visitor numbers, increase in spend per visitor and achievement of income targets.
- 4.2 The increase in income targets as noted above will be met through existing income streams and the new projects set out in 3.3.

Financial impact

- 5.1 Some of these business development activities may require investment to realise their potential. If so, business cases will be developed to ensure that Museums and Galleries continue to achieve income targets for the service. The annual net revenue spend of £2m on Museums and Galleries represents approximately 0.2% of the Council's revenue budget.

Risk, policy, compliance and governance impact

- 6.1 There are no compliance or governance impacts arising from this report's recommendations. The risk is that changes to the service and new initiatives working in partnership to modernise the historic assets operated by the Museums and Galleries Service within Culture and Sport do not result in increased income and visitor numbers.

Equalities impact

- 7.1 The Museums and Galleries service offers free access to its venues and permanent collections, and, via its Outreach service, a free service to local communities. Outreach programming is designed to actively reach out to excluded communities and to foster inclusion in line with the public sector duties of the Equality Act 2010.

Sustainability impact

- 8.1 In common with other parts of Culture and Sport, Edinburgh Museums and Galleries venues are participating in a project to reduce carbon emissions by 2020 and to ensure waste is kept to a minimum.

Consultation and engagement

- 9.1 Consultation has been undertaken with staff. Consultation on the Museums and Galleries proposed Service Plan for 2013 – 2018 was previously undertaken with staff, stakeholders and the general public. Research will be carried out with users and non users, using the Council’s Consultation Hub and other methods.

Background reading/external references

All of the Business Bulletins presented to the Culture and Sport Committee to date, plus the specific reports listed below.

Report to the [Culture and Sport Committee of 16 December 2014](#): Update on Edinburgh Museums and Galleries Service Plan 2013 - 2018

Reports to the [Culture and Sport Committee of 21 October 2014](#): Ross Fountain; Museums and Galleries Volunteering Programme.

Report to the [City of Edinburgh Council of 21 August 2014](#): Proposed Acquisition of Custom House, Leith

Report to the [Culture and Sport Committee of 19 August 2014](#): Update on the Outreach Programme.

Report to the [Culture and Sport Committee of 27 May 2014](#): The Travelling Gallery

Report to the [Culture and Sport Committee of 11 March 2014](#): Redeveloping the Museum of Childhood

Report to the [Culture and Sport Committee of 20 August 2013](#): Consultation on the Edinburgh Museums and Galleries Service Plan 2013 - 2018

Report to the [Culture and Leisure Committee of 23 October 2012](#): **Museums and Galleries Update.**

Reports to the [Culture and Leisure Committee of 28 June 2011](#): Proposed Relocation of the Collective Gallery; **Phase One of the Museums Hub**; East of Scotland Museums Partnership.

Reports to the [Culture and Leisure Committee of 26 April 2011](#): Update on Museum Outreach Activities in Newhaven; Old Observatory House, Calton Hill.

Reports to the [Culture and Leisure Committee of 14 September 2010](#): Museums and Galleries Interim Staffing Restructure; Museums and Galleries New Website.

Reports to the [Culture and Leisure Committee of 27 April 2010](#): Developments at the City Art Centre; Nelson Monument Visitor Attraction Rating; Museums and Galleries: Retail Income and Performance.

Reports to the [Culture and Leisure Committee of 17 November 2009](#): Trinity Apse: Lease to Scottish Book Trust to Create Scotland’s First Literary Quarter; Old Observatory House, Calton Hill.

Report to the [Finance and Resources Committee of 27 October 2009](#): Trinity Apse: Lease to Scottish Book Trust to Create Scotland’s First Literary Quarter

Reports to the [Culture and Leisure Committee of 23 June 2009](#): Edinburgh International Science Festival at the City Art Centre; Future Care and Preservation of Old City Observatory Instruments.

Report to the [Culture and Leisure Committee of 6 May 2009](#): Newhaven Heritage Museum - Update.

Reports to the [Culture and Leisure Committee of 3 February 2009](#): Newhaven Heritage Museum; City Art Centre – Environmental Improvements.

Reports to the [Culture and Leisure Committee of 16 September 2008](#): Update on Newhaven Heritage Museum; Progress Report on the Development of a Business Case for the Museum and Arts Hub.

Report to the [Culture and Leisure Committee of 5 February 2008](#): **A New Future for the City’s Museums and Galleries.**

Alastair D Maclean

Director of Corporate Governance

Contact: Lynne Halfpenny, Head of Culture and Sport

E-mail: lynne.halfpenny@edinburgh.gov.uk | Tel: 0131 529 3657

Contact: Frank Little, Museums and Galleries Manager, Culture and Sport

E-mail: frank.little@edinburgh.gov.uk | Tel: 0131 529 3994

Links

Coalition pledges	P24 - Maintain and embrace support for our world-famous festivals and events P31 - Maintain our city’s reputation as the cultural capital of the world by continuing to support and invest in our cultural infrastructure P40 - Work with Edinburgh World Heritage Trust and other stakeholders to conserve the city’s built heritage
Council outcomes	CO20 - Culture, sport and major events – Edinburgh continues to be a leading cultural city where culture and sport play a central part in the lives and futures of citizens C025 - The Council has efficient and effective services that deliver on objectives C027 - The Council supports, invests in and develops our people
Single Outcome Agreement	S01 - Edinburgh’s economy delivers increased investment, jobs and opportunities for all S02 - Edinburgh’s citizens experience improved health and

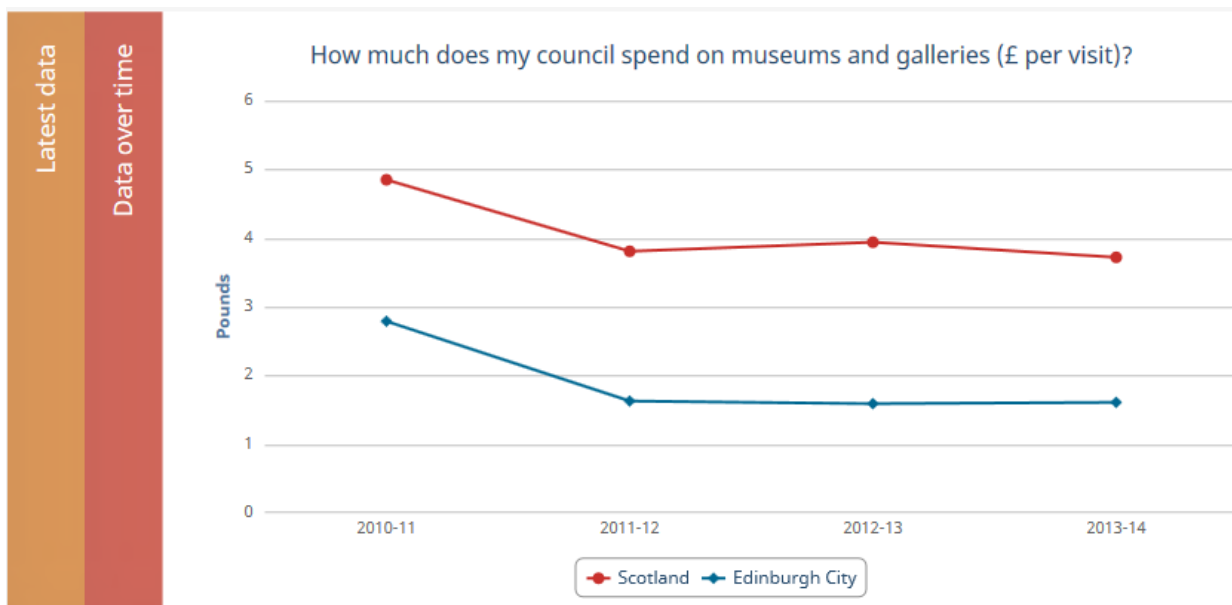
wellbeing, with reduced inequalities in health

S03 - Edinburgh's children and young people enjoy their childhood and fulfil their potential

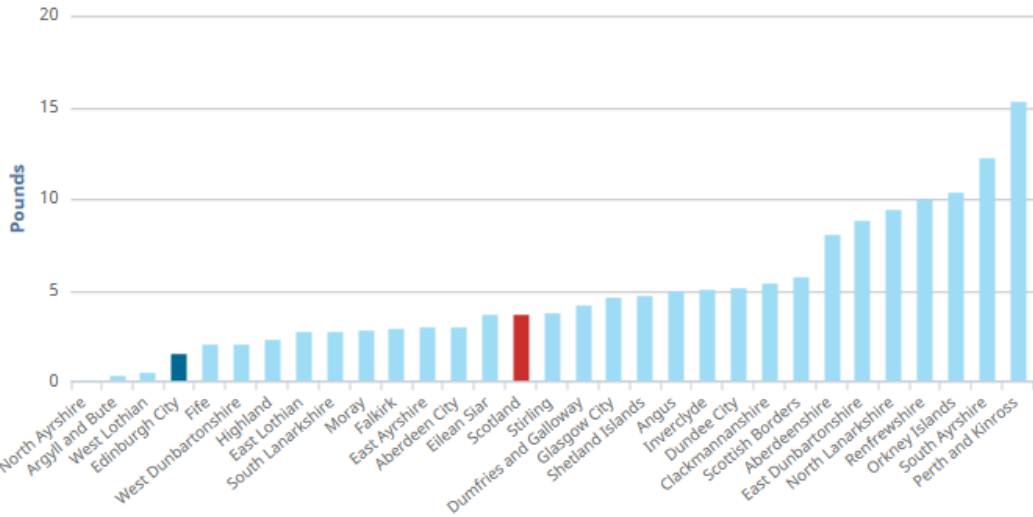
Appendices

1. Data from the Local Government Benchmarking Framework 2013/14

Data from the Local Government Benchmarking Framework (LGBF) 2013/14 – the graphics below are taken from the [LGBF website](#)



How much does my council spend on museums and galleries (£ per visit)?



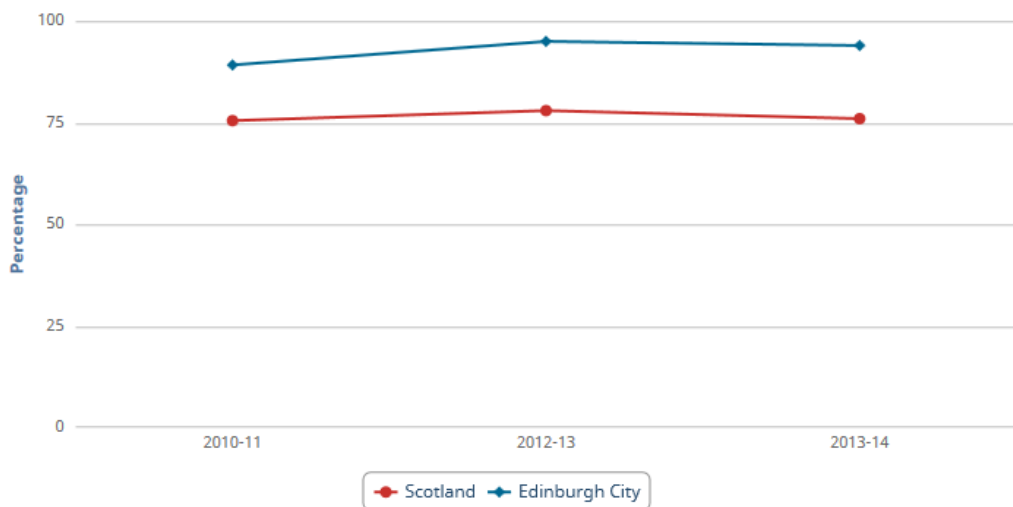
2013-14

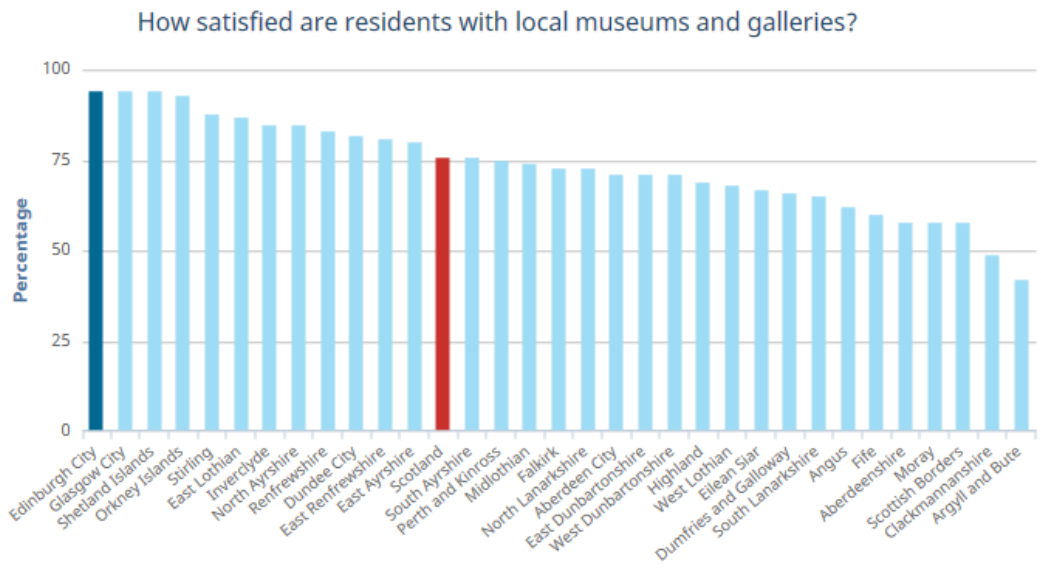
How satisfied are residents with local museums and galleries?



2013-14

How satisfied are residents with local museums and galleries?





2013-14

Finance and Resources Committee

2.00p.m., Wednesday, 13 May 2015

Report by the Accounts Commission – An overview of local government in Scotland 2015

Item number	7.7
Report number	
Executive/routine	
Wards	

Executive summary

As part of its annual programme of scrutiny, Audit Scotland, on behalf of the Accounts Commission, has prepared a report on the financial challenges being faced by Scottish local authorities.

Recognising the scale of the challenge, the report notes that the Accounts Commission expects councils to plan now for the period to 2017/18 and beyond, recognising the crucial role of longer-term planning. The report also references the challenge for councils in establishing effective health and social care partnerships with health colleagues.

Links

Coalition pledges	P30
Council outcomes	CO25
Single Outcome Agreement	n/a

Report by the Accounts Commission – An overview of local government in Scotland 2015

Recommendations

- 1.1 It is recommended that the Committee
 - 1.1.1 notes the report by the Accounts Commission; and
 - 1.1.2 refers the report to the Governance, Risk and Best Value Committee, as part of its work programme.

Background

- 2.1 The Accounts Commission publish an annual overview report. This year's report, published in March, focuses on the budget challenge being faced by councils across Scotland.
- 2.2 The report recognises the achievements of councils – both councillors and officers – in managing austerity, reducing resources, increasing demand for services and ever increasing public expectations, yet recognises that more must be done in the future.

Main report

- 3.1 The 2015 overview report can be seen in Appendix 1 to this report. The report contains the following sections:
 - Key facts for Scottish local authorities (*page 4*)
 - An introduction by the chair of the Accounts Commission (*page 5*)
 - A summary of the report's findings (*page 7*)
 - The financial context in which councils are operating, highlighting the overall financial position and pressures on budgets (*page 11*); and
 - How councils are managing the financial challenges, highlighting what councils and their partners need to do to help deal with the ongoing and increasing pressures they will face in 2015/16 and following years (*page 23*).
- 3.2 The report makes three specific references to the City of Edinburgh Council. The first of these is in relation to the Council's performance in its capital monitoring in 2014/15 (*paragraph 17, page 16*). Underspends across councils varied from 1% of budget (*Edinburgh*) to 45% in Aberdeen City Council and 46% in East Dunbartonshire Council. The Finance and Resources Committee

considered a report on the capital outturn for 2014/15 at its meeting on 28 August 2014, which set out the figures reported in the Accounts Commission's report.

- 3.3 The second reference is in relation to how councils are managing funding gaps (*paragraph 19, page 17*), with particular reference to the £67m that Edinburgh will need to find to balance its budget by 2017/18. Members considered a report on this at the March meeting of this Committee, together with a suite of reports by the Director of Governance on the transformation projects currently underway. Members will continue to receive regular reports in the coming months.
- 3.4 The third, and final, reference is to the importance of councils having comprehensive workforce plans and strategies to help manage the impact of significant staff reductions. The report refers to the Best Value report on Edinburgh Council which highlighted the crucial role of a workforce strategy in enabling councils to plan and manage required savings and to ensure that councils:
- Have sufficient capacity for change and improvement; and
 - Can meet increased demand for services in the context of financial constraints.
- 3.5 The Finance and Resources Committee, on 19 March 2015, considered two reports on workforce, one relating to the workforce strategy 2015-2020 and one relating to 'supporting managers' control framework. Members will therefore be aware that work is being undertaken in this area, and will continue to receive regular updates on this.

Measures of success

- 4.1 Relevant measures in setting the Council's revenue budget include:
- Accurate capturing and quantification of the key determinants of the Council's overall expenditure requirement and available sources of income, allowing a balanced overall budget for 2016/17 to be set as part of a longer-term framework;
 - Development of savings and investment options aligned to the Council's priority outcomes, with due opportunity provided for public consultation and engagement; and
 - Subsequent delivery of the approved savings, particularly where these are linked to additional service investment.

Financial impact

- 5.1 The financial impact will be considered and impacted through the decisions made as part of the budget process.
- 5.2 Delivery of a balanced budget in any given year is contingent upon the development, and subsequent delivery of corresponding savings, alongside management of all risks and pressures, particularly those of a demand-led nature.

Risk, policy, compliance and governance impact

- 6.1 An annual report on the risks inherent in the budget process is considered by the Finance and Resources Committee in January and Council in February.
- 6.2 A savings assurance process is applied which is intended to ensure that, as far as practicable, those proposals approved by Council deliver the anticipated level of financial savings in a way consistent with the anticipated service impacts.

Equalities impact

- 7.1 Proposals comprising the budget framework are assessed for their corresponding potential equalities and human rights impact. The Committee receives an annual report on the results of these assessments, with the report also being referred to Council to ensure that members pay due regard to them in setting the budget.

Sustainability impact

- 8.1 The proposals comprising the budget framework are also subject to an assessment of their likely corresponding carbon impacts. As with the equalities impacts, the Committee receives an annual report on the results of these assessments, with the report also being referred to Council to ensure that members pay due regard to them in setting the budget.

Consultation and engagement

- 9.1 The contents of the budget framework are the subject of considerable public stakeholder engagement as part of the Council's budget process. The Committee receives an annual report on the main themes emerging from the public engagement prior to setting the budget.

Background reading/external references

[Capital Monitoring 2013/14 – Outturn and Receipts](#) – Report to Finance and Resources Committee, 28 August 2014

[Revenue Budget Framework 2016-2020 Update](#) – Report to Finance and Resources Committee, 19 March 2015

[An engaged and empowered workforce: workforce strategy 2015-2020](#) – Report to Finance and Resources Committee, 19 March 2015

[An engaged and empowered workforce: ‘supporting managers’ control framework](#) – Report to Finance and Resources Committee, 19 March 2015

Alastair Maclean

Director Corporate Governance

Contact: Hugh Dunn, Head of Finance

E-mail: hugh.dunn@edinburgh.gov.uk | Tel: 0131 469 3150

Links

Coalition pledges	P30 – Continue to maintain a sound financial position including long-term financial planning
Council outcomes	CO25 – The Council has efficient and effective services that deliver on objectives
Single Outcome Agreement	n/a
Appendices	Appendix 1 – An overview of local government in Scotland – report by the Accounts Commission

An overview of local government in Scotland 2015



 ACCOUNTS COMMISSION

Prepared by Audit Scotland
March 2015


The Accounts Commission

The Accounts Commission is the public spending watchdog for local government. We hold councils in Scotland to account and help them improve. We operate impartially and independently of councils and of the Scottish Government, and we meet and report in public.

We expect councils to achieve the highest standards of governance and financial stewardship, and value for money in how they use their resources and provide their services.

Our work includes:

- securing and acting upon the external audit of Scotland's councils and various joint boards and committees
- assessing the performance of councils in relation to Best Value and community planning
- carrying out national performance audits to help councils improve their services
- requiring councils to publish information to help the public assess their performance.

You can find out more about the work of the Accounts Commission on our website: www.audit-scotland.gov.uk/about/ac 

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

Contents



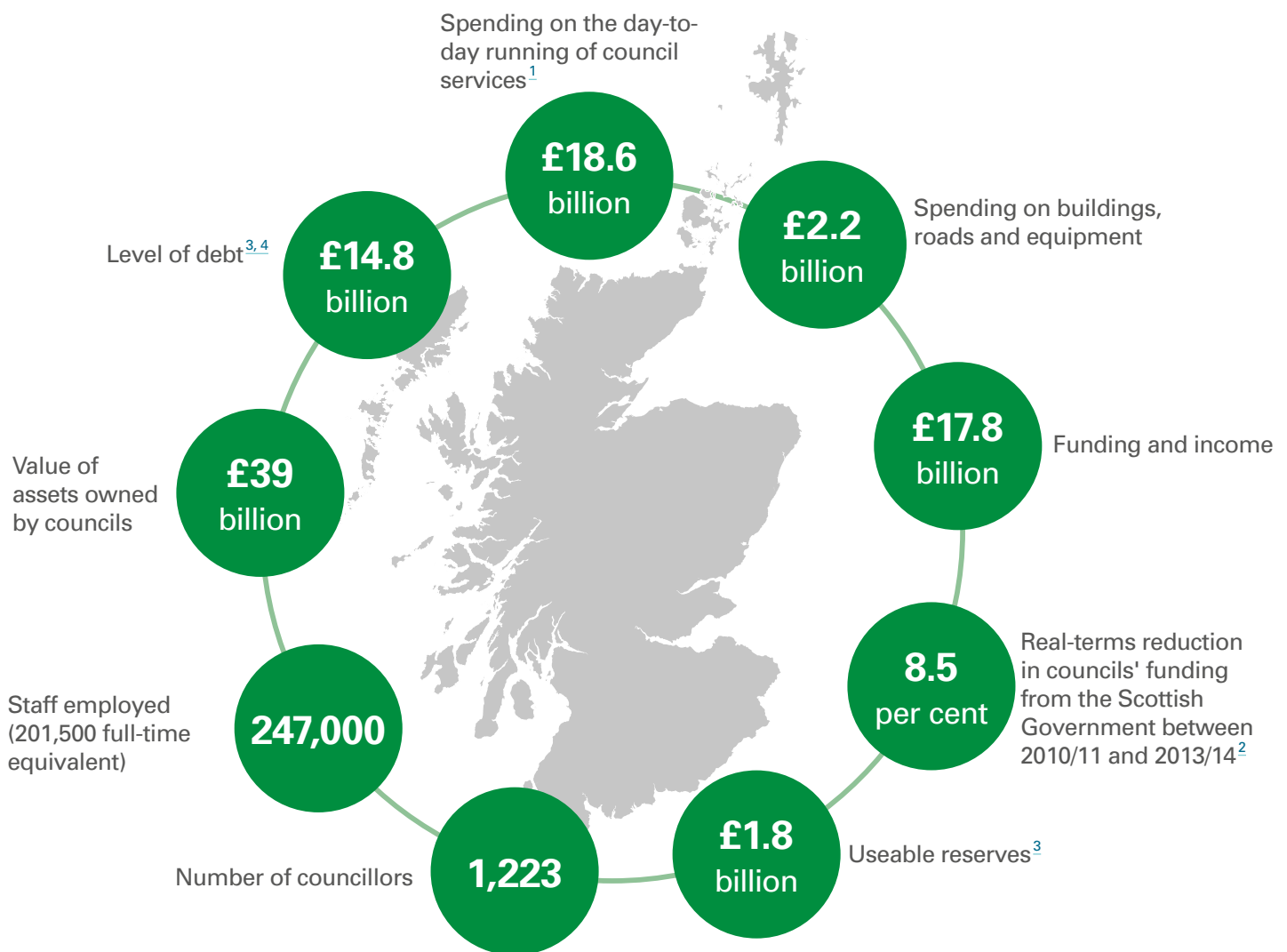
Key facts	4
Chair's introduction	5
Summary	7
Part 1. The financial context	11
Part 2. Dealing with pressures in 2015/16	23
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Exhibit data

When viewing this report online, you can access background data by clicking on the graph icon. The data file will open in a new window.

Key facts



Councils' accounts showed an aggregate deficit on the provision of services of £0.8 billion in 2013/14. After making adjustments, mainly to reflect the accounting rules for pensions and capital, the aggregate amount held by councils in usable reserves was almost the same as it was at the end of 2012/13. Unuseable reserves fell by £0.8 billion.

Notes:

1: The Police and Fire Reform (Scotland) Act transferred responsibility for police and fire and rescue services from councils to the Scottish Government, creating new national services from April 2013. We have excluded police and fire data from figures prior to 2013/14 but some expenditure cannot be separately identified so trend information should be treated with caution.

2: This figure is in real terms, that is, taking inflation into account. We note in the report wherever we have adjusted figures to reflect inflation, particularly when stating the percentage increase or decrease compared with previous years.

3: Reserves and debt figures exclude Orkney and Shetland Islands councils, which hold large reserves and balances arising mainly from harbour and oil-related activities.

4: Total level of debt includes £12.1 billion of borrowing for investment in councils' assets, eg buildings, roads and equipment, and £2.7 billion of other debt (ie, Private Finance Initiative (PFI) and Non-profit Distributing (NPD) contracts) for investment in capital projects, mainly schools.

Chair's introduction



For the last five years councils have had to cope with managing austerity, reducing resources, increasing demand for services, and ever increasing public expectations. The Accounts Commission recognises the achievements of councils – both councillors and officers – in meeting these challenges to date.

Councils tell us that they should manage budgetary pressures in 2015/16 but the years beyond that pose a level of challenge not previously experienced. That is why the Commission expects councils to plan now for the period to 2017/18 and beyond, not least because of the lag time between planning and delivering. Longer-term planning is crucial in building a shared understanding among councillors of the financial position. Comprehensive and accessible financial information helps identify what needs to be done now to avoid storing up problems for the future. It also helps inform local and national discussions about the options for council services. Councils are consulting with communities and service users but the challenges ahead make it all the more important to involve communities more in planning and delivering services.

Added to financial pressures is the challenge for councils in establishing effective health and social care partnerships with their health colleagues. This is the most significant change in the public service landscape in Scotland in recent years. There are clear lessons to be learned from our audit of community planning partnerships about the importance of councils and health boards investing time in building mutual trust and leadership capacity if these partnerships are to be successful from the outset.

In last year's overview report, the Commission said that in this complexity of change the foundation stones of good governance and accountability remain constant. Good governance concerns taking informed and transparent decisions which are subject to effective scrutiny. It also involves managing risk – the scale of the challenge means that councils cannot afford to be risk averse, so the focus is on being risk aware.

The public rightly expects scrutiny to be both effective and transparent. The Commission remains of the view that this will be best achieved where: the chair of the scrutiny or audit committee is not a member of the political administration; the committee has clear terms of reference, adequate support and access to independent advice; and members of the committee have the necessary skills and training to do their job. This may seem no more than an obvious statement of good practice. But where these characteristics are not in place scrutiny fails and the public interest is not met. Effective scrutiny is not just in the public interest, it is as much in the interest of the administration of a council.

In this quickly changing and challenging environment, systems and processes must be kept up to date and fit for purpose. Councillors also need to assure themselves that there is sufficient capacity within their councils to deal with day-to-day business as well as manage improvement and change. The role of chief executives, for example, is increasingly demanding. The political environment is complex, often involving coalitions, and they need to balance the task of supporting the administration and their responsibilities to the council as a whole. And because not all services are within the council's direct control, for example, where services are provided by arm's-length external organisations (ALEOs) and with the integration of health and social care services, chief executives need to build strong working relationships with partner organisations.

As with councils, the work of the Commission has evolved; for example our community planning partnership audits with the Auditor General and our new responsibility to audit health and social care partnerships. But our core role, on behalf of the public, of holding councils to account and, by doing so, helping them to improve will continue to be at the heart of our work. The Commission strongly believes that Best Value is as relevant and vital today as it was when it was introduced. The values and principles are essential to delivering the effective, high-quality public services that people expect. Councils that place Best Value at the centre of all they do are best placed to deal with pressures in 2015 and beyond.

The Commission expects councillors to use this report to assess the progress their councils are making with partners to improve outcomes and value for money for local people. We look forward to continuing to work with and support local government in meeting the challenges it faces.

Douglas Sinclair

Chair of the Accounts Commission

Summary



Key messages

- 1** Councils face increasingly difficult financial challenges. In the context of overall reductions in public sector budgets, between 2010/11 and 2013/14, Scottish Government funding for councils decreased by 8.5 per cent in real terms (allowing for inflation) to £10.3 billion. At the same time, demand for council services has increased, largely due to population changes.
 - 2** Many councils are now reporting gaps between their income and the cost of providing services. With further funding reductions expected, councils face tough decisions to balance their budgets. These decisions must be based on a clear understanding of the current financial position and the longer-term implications of decisions on services and finances. However, there is limited evidence of longer-term financial planning, which is critical in providing that understanding.
 - 3** Councils have managed the financial pressures well so far. Available performance information indicates that services have been improved or maintained. Public performance reporting is getting better but councillors need better financial and service information to help them set budgets and scrutinise performance. All councils prepared their annual accounts on time and met the required accounting standards.
 - 4** Almost all councils have reduced staff numbers to help make savings but this is not sustainable. Councils are considering ways of delivering services more efficiently and need to get better at using local data and involving service users and local communities in developing options to improve services and help save money. They must implement planned changes quickly to achieve their required savings.
 - 5** Councils need to ensure that the way they manage and control their work keeps pace with the quickly changing circumstances in which they operate. There can be no compromise on the importance of good governance, particularly where there are significant changes in personnel and systems. Not all councils systematically review governance when, for example, they change staff, management or political structures, or develop new ways of financing and delivering services. Community planning and health and social care integration require an ongoing focus on governance in partnership working, where the responsibility for good governance is shared and depends on a culture of trust.
-


Recommendations

We make a number of recommendations intended to help councillors. With the support of council officers, councillors should assess the position in their council and, where they decide action is required, ensure the recommendations are implemented successfully.

Councillors should:

- assess whether they have appropriate knowledge and expertise, in areas such as assessing financial and service performance, to carry out their role effectively. They should review their training needs and request the training and support they require to help them consider options, make decisions and scrutinise performance
 - ensure that council officers provide high-quality financial and performance information to support effective scrutiny and decision-making. This includes having relevant and up-to-date performance data and making good use of benchmarking. Performance information should also be clearly reported to the public to help them understand their council's performance
 - ensure that councils, when developing their priorities, use local socio-economic data and work with service users and local communities to understand their needs and explore ways of meeting them. Council budgets should then be targeted towards agreed priorities, including those designed to prevent or reduce service demand in future
 - ensure that they consider all practical options for delivering services to meet the needs of service users and local communities, within the resources available. They should consider carefully the benefits and risks related to each option and make sure they receive information about the impact of the option they choose, including monitoring the risks associated with change
 - ensure that their council has financial plans covering the short term (1-2 years), medium term (3-5 years) and longer term (5-10 years). These plans should set out the council's financial commitments, identify any challenges with the affordability of services and set out clearly how the council ensures its financial position is sustainable over an extended period
 - review their council's governance arrangements following significant changes in staff, management and political structures. This includes ensuring their current management teams have the skills and capacity to provide effective leadership and management of finances, services and improvement programmes, and having succession plans for when senior managers retire or leave the council
 - ensure their council has a comprehensive workforce strategy to help manage the impact of staff reductions. The strategy should ensure that the council retains the ability to make changes and improvements, and is equipped to meet increased demand for services in the context of financial constraints.
-

About this report

1. This report draws on the findings from local government audit work in 2014 and provides a high-level, independent view on how councils are managed and perform. This includes audits of financial statements, Best Value, community planning partnerships (CPPs) and performance. Reports on individual councils' 2013/14 audits are available on [Audit Scotland's website](#) .

2. The report is primarily for councillors, as a source of information and to support them in their complex and demanding role:

- **Part 1** reviews the financial context in which councils are operating. It highlights the overall financial position and pressures on budgets.
- **Part 2** looks at how councils are managing the financial challenges. It highlights what councils and their partners need to do to help deal with the ongoing and increasing pressures they will face in 2015/16 and following years.

3. Exhibit 1 (page 10) provides a summary of the main issues covered in this report.


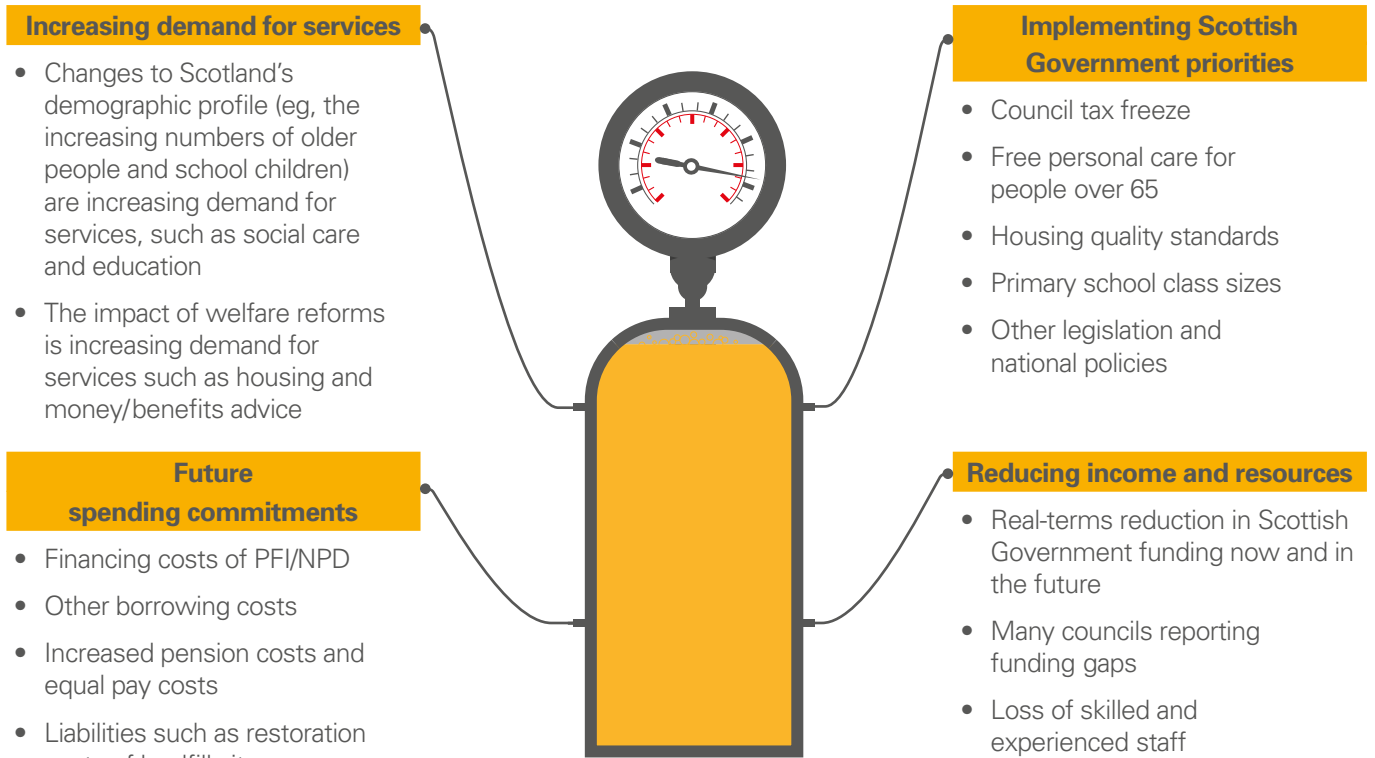
4. Our website contains a [Supplement: Self-assessment tool for councillors \[PDF\]](#)  to help them implement the recommendations we make in this report. We have also provided [a map \[PDF\]](#)  showing the 32 councils and key facts about each.

Exhibit 1

Local government overview 2015

Councils face increasing demand and resource pressures. They need to have the right information, skills and processes to help deal with the pressures in the future.



Points for action for councillors in 2015/16

Having the right information Councillors should ensure that:	Having the right skills and processes Councillors should:
<p>High-quality financial and performance information is made available to support effective scrutiny and decision-making and to report to the public</p>	<p>Review personal training needs and, where necessary, request training and support to develop knowledge and expertise in, for example, assessing financial and service performance</p>
<p>Their council uses local socio-economic data and involves service users and local communities to understand their needs and explore ways of meeting them. Council budgets should be targeted towards agreed priorities</p>	<p>Consider all practical options for delivering services to meet the needs of service users and local communities, within the resources available. Consider carefully the benefits and risks and the full impact of each option</p>
<p>Their council has a long-term (5-10 years) financial plan and plans covering the short (1-2 years) and medium (3-5 years) term, setting out financial commitments and how the council ensures its financial sustainability</p>	<p>Review governance arrangements following significant changes in staff, management and political structures and when working with partners</p>
<p>Their council has a comprehensive workforce strategy to help manage the impact of staff reductions</p>	<p>Satisfy themselves that their council’s management team has the skills and capacity to provide effective leadership and management of finances, services and improvement programmes</p>

Part 1

The financial context



Key messages

- 1** In the context of overall reductions in public sector budgets, between 2010/11 and 2013/14, Scottish Government funding for councils decreased by 8.5 per cent in real terms (allowing for inflation), to £10.3 billion. Further reductions in the Scottish budget are likely, particularly in 2016/17 and 2017/18.
- 2** Councils deliver a wide range of local services. Demand is rising because of population changes, in particular demand for services for older people. Alongside this, councils deliver national policies such as those relating to school class size targets and housing quality standards and by deciding to freeze council tax levels.
- 3** There are other matters which potentially place pressures on councils' finances for example, increasing borrowing costs, equal pay claims and welfare reforms. Almost all councils are now predicting a gap between their income and the cost of providing services.

Councils' funding is decreasing in real terms, so it is important that they consider options to increase their income

4. Scottish councils' total income in 2013/14 was £17.8 billion. The majority of this comes from Scottish Government funding and the rest comes from council tax, fees for services they provide and housing rents ([Exhibit 2, page 12](#)). Councils' share of the Scottish budget has remained relatively constant over the last few years. However, in the context of overall reductions in public sector budgets the amount of funding that councils receive from the Scottish Government has gone down. In 2013/14, the Scottish Government allocated £10.3 billion to councils. This is 8.5 per cent lower, in real terms, than in 2010/11.

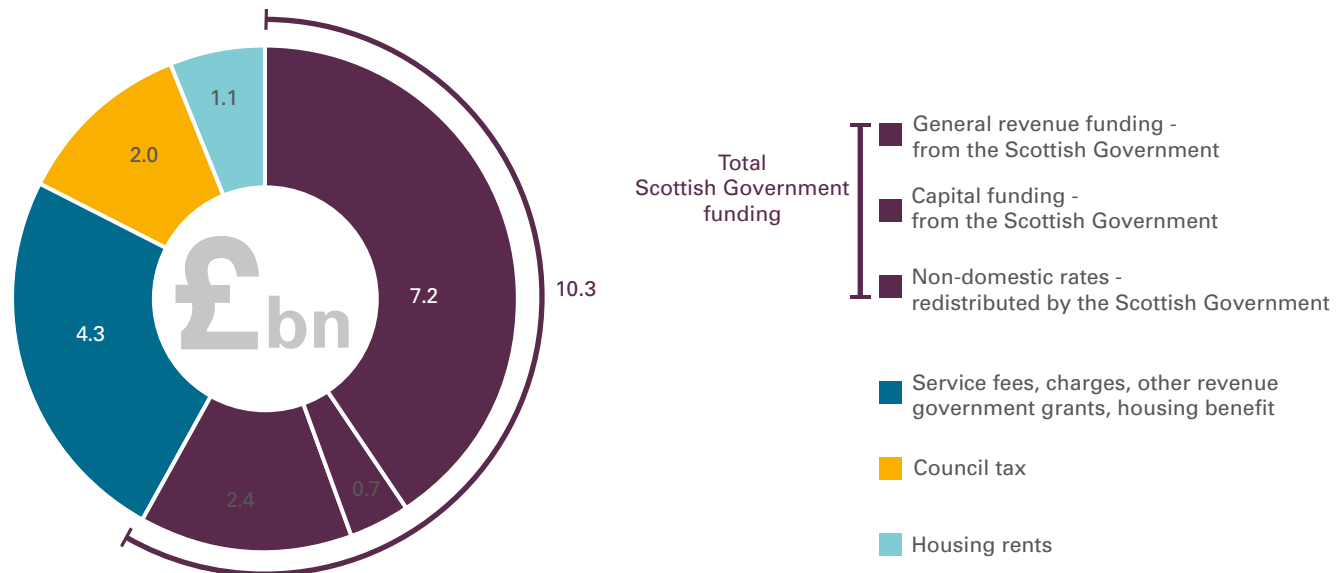
5. Due to differences in services and funding, direct comparison with the position in England is not possible. However, it is clear that councils in England have faced more severe cuts; between 2010/11 and 2015/16 the UK Government will have reduced its funding to English councils by 37 per cent, in real terms.

**councils
continue
to face
increasing
challenges to
their financial
sustainability**

Exhibit 2

Council income in 2013/14 (£ billion)

Funding from the Scottish Government totalled £10.3 billion.



Notes:

1: Figures add to £17.7 billion, rather than £17.8 billion, due to rounding.

2: For the first time in 2013/14, councils received the council tax benefit element of their council tax income directly from the Scottish Government as part of the general revenue funding. This amounted to £351 million, effectively bringing the total income from council tax to £2.4 billion.

Source: Councils' audited annual accounts, 2013/14

6. Most of the 2013/14 Scottish Government funding (£9.6 billion) was for the day-to-day running of council services, including staff salaries. This is known as revenue funding. This is distributed to councils based on a range of indicators, including population, deprivation and pupil numbers. The remainder (£0.7 billion) was to buy, build or refurbish assets, such as buildings, roads and equipment. This is known as capital funding. Between 2010/11 and 2013/14, budgeted revenue funding from the Scottish Government decreased by seven per cent and capital funding by 33 per cent, both in real terms ([Exhibit 3, page 13](#)).¹ Capital funding is set to rise again in 2014/15 and 2015/16.

Councils have relatively limited scope to increase their income

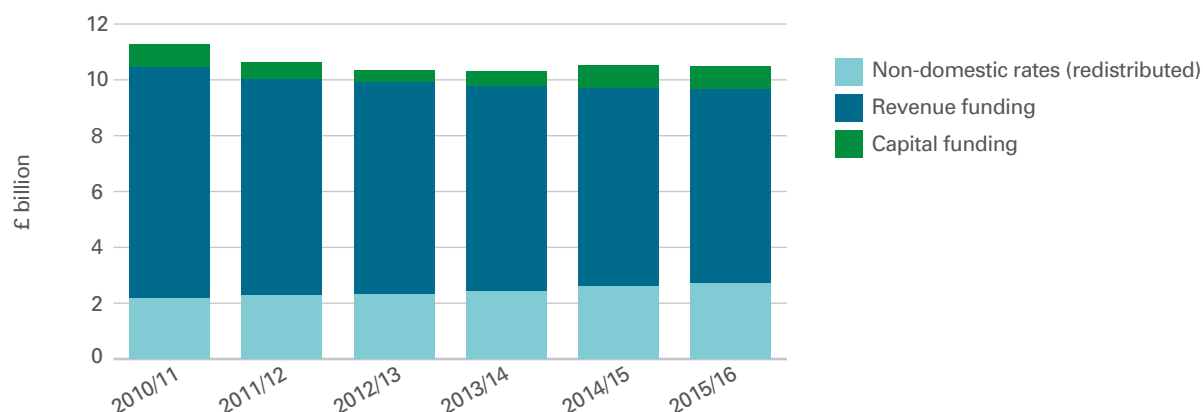
7. Less than a third of councils' total income is within their direct control. They must set the rate of council tax, determine rent levels for council tenants and decide whether, and how much, to charge for specific services, such as some social care services and parking. However, there are limitations. For example, councils have agreed to freeze council tax in exchange for additional funding from the Scottish Government. Councils improved their council tax collection rates to over 95 per cent in 2013/14, increasing council tax income by nearly one per cent since 2012/13 (in real terms).

8. Councils also have relatively little control over local business tax income, known as non-domestic rates (NDR). The Scottish Government sets the annual business tax rate, councils collect the money from local businesses and the Scottish Government redistributes the money as part of its funding allocation to councils.

Exhibit 3

Trend in budgeted revenue and capital funding from the Scottish Government (real terms)

Total funding from the Scottish Government has fallen by 8.5 per cent in real terms between 2010/11 and 2013/14, seven per cent in revenue funding and 33 per cent in capital funding.



Notes:

- 1: Budgeted figures differ slightly from the actual amount of funding received, due to adjustments made during the year.
- 2: All figures exclude funding for police and fire and rescue services. The budgeted revenue funding was decreased slightly in 2013/14 because councils were allowed to keep 49 per cent of reserves for police services and 100 per cent of reserves for fire and rescue services.
- 3: For the first time in 2013/14, revenue funding included the council tax benefit element of council tax income, amounting to £351 million.

Source: Local Government Financial Circulars, Scottish Government, 2009-15

9. Councils have more control over the income they receive from service fees and charges. Charges serve different purposes:

- They are a vital source of income for councils.
- They are used to influence behaviours – for example, low gym charges can be used to encourage exercise or car parking charges can be used to discourage people from taking their cars into city centres.

10. In the last few years, some councils have increased or introduced new service charges. However, councils have to consider the benefits that the extra income brings alongside the impact that higher charges have on the people using the services and the administrative cost of collecting these charges. Councils' income from fees and charges was an estimated £1.3 billion in 2012/13.²

Councils have many commitments to manage within reduced budgets

Over half of councils' spending is on education and social work

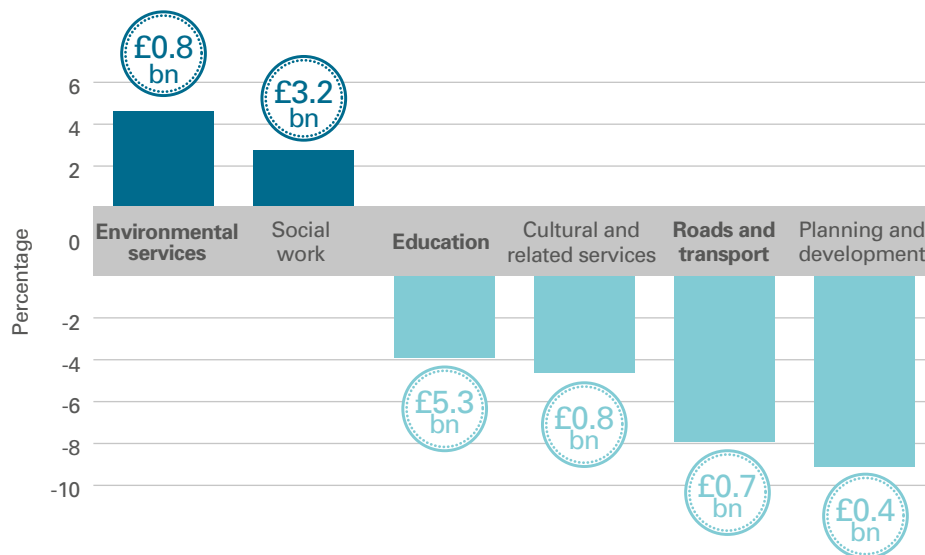
11. Councils spent a total of £18.6 billion on delivering services in 2013/14. This was a slight increase, in cash terms, compared to 2012/13 (£18.5 billion), but a real terms decrease of one per cent. The largest proportion of this spending was on education (30 per cent), followed by social work services (22 per cent).

Spending on most of the main services has fallen since 2010/11, except on social work and environmental services (**Exhibit 4**). Some of the smaller services, in terms of net spending, have generally experienced a higher percentage of budget reductions. The increase in social work spending is due in part to increased spending on care for older people, reflecting the population trend. The net increase in environmental services is due mainly to changes in the way that some trading activities are reported in councils' accounts, and a new accounting requirement to plan for the costs of restoring landfill sites.

Exhibit 4

Percentage change in net spending per service, between 2010/11 and 2013/14 (in real terms)

Percentage changes in spending vary between services.



Note: Figures in circles show net spending per service in 2013/14 before accounting adjustments are made.

Source: Councils' audited annual accounts, 2013/14

12. Councils deliver a wide range of public services. Some of these services and functions are more prescribed in legislation than others, but councils generally have discretion on the level of services they provide and how they provide them. For example, legislation states that councils must provide education for all children aged between five and 16 years old, and sets rules and targets about teacher numbers, their professional qualifications, class sizes and the curriculum. However it does not prescribe, for example, how many hours of education children must receive or how many days they should be in school; councils have the discretion to decide this.

Councils' decisions about how they deliver national and local policies affect their financial commitments

13. The Scottish Government depends on councils to implement a number of its national policies, including:

- reducing the number of pupils in each primary school class
- delivering free personal care for older people
- maintaining the freeze on council tax
- meeting the Scottish Housing Quality Standard ([Exhibit 5](#)).

Exhibit 5

The Scottish Housing Quality Standard (SHQS)

Councils expect to spend over £850 million to bring their houses up to standard.

The Scottish Government introduced the SHQS in February 2004 and it is the principal measure of housing quality in Scotland. It has set a target for landlords, including councils, to bring the quality of their housing stock up to the standards described in the SHQS, where it applies, by April 2015. In 2012/13, councils brought 13 per cent of their houses up to the standard but 22 per cent of houses still did not comply, mainly because the houses did not meet energy efficiency standards. Councils predict that it will cost a total of £853 million to bring all their housing stock up to standard.³ This includes £302 million already spent in 2012/13 and predicted spending of £551 million between April 2013 and March 2015.

Source: Audit Scotland

14. National policies commit councils to spending in these areas although, in some cases, the Scottish Government provides extra funding for councils to help them implement the policies. For example, since 2011/12 the Scottish Government has made available an additional £70 million a year to councils if they decide to maintain council tax at the same level it was in 2007/08.


15. As well as national policies, councils make local commitments that they must also manage within their budget. For example, some councils have policies against compulsory redundancy. This restricts their ability to manage changes or reductions to their workforce and make associated savings. Councils also have to deal with commitments from past decisions, such as equal pay claims. In 2013/14, 20 councils settled claims worth £73.2 million. This is more than in 2012/13 (£32 million). The cumulative amount paid in equal pay settlements to March 2014 is £580 million. Councils have set aside a further £108 million to meet expected future claims.

16. In addition to upgrading their housing stock to meet the SHQS, councils need to ensure that other assets used to deliver services are fit for purpose. They do this through a programme of capital investment. This includes spending money on new buildings, such as schools, and on maintaining and repairing existing assets, including local roads. Improving facilities, buildings and other assets can help councils deliver services more efficiently and effectively and enhance people's experiences of council services. Councils' capital spending in 2013/14 was £2.2 billion, with £0.7 billion coming from Scottish Government funding and the remaining £1.5 billion funded mainly by borrowing.

17. Twenty-six councils reported that they had underspent against their 2013/14 capital budgets. The level of underspend varied widely, from around one per cent of budget in the City of Edinburgh Council to 45 per cent in Aberdeen City Council and 46 per cent in East Dunbartonshire Council. Reasons for the underspend in Aberdeen City Council include unexpected withdrawal of, or delays caused by, external partners in projects to develop new waste management facilities, build a new bypass (the Western Peripheral Route) and introduce hydrogen-powered buses. In East Dunbartonshire Council the main reason for the underspend was a decision not to proceed with building new office and depot accommodation when further investigation at the chosen site found it to be unsuitable. There are many other reasons why councils spend less than planned on their capital programmes, including delays in starting or progressing projects. Ongoing underspending may mean that councils do not have the most appropriate assets in place to deliver services effectively.

Most councils are reporting funding gaps

18. Financial sustainability is about balancing spending and income over time. Growing demand for services and expected reductions in funding have led many councils to report a funding gap in 2015/16 and beyond. The funding gap means that, to pay for services, councils will have to increase their income, improve efficiency, divert money from lower priority services, or a combination of these. If they are unable to do this they will have to use some of their reserves, although this is a short-term option. Many councils have reported funding gaps, but over different time periods. For example, North Lanarkshire Council predicted a gap of £62.4 million over three years to 2015/16 and Fife Council predicts a gap of £77.2 million in 2017/18.

19. It is not clear if councils' planned savings will be enough to cover the reported gaps in funding or if they will need to make more savings. This is the case, for example, for the City of Edinburgh Council. Our [Best Value report \[PDF\]](#)  found that the council needs to make recurring annual savings of £138 million by 2017/18. It also highlighted that there is a gap of £67 million between the savings the council needs to make in 2017/18 and those it has already identified in its financial plans.⁴ At the start of 2015 the council was considering options to bridge the £67 million gap, including working with voluntary groups to save £10.8 million a year and reducing its workforce by 1,200 staff (full-time equivalent (FTE)).⁵

20. The challenge for councils is to implement strategies that bridge the funding gaps. Almost all councils' auditors have indicated risks to councils' financial positions in the medium to long term. Specific risks identified by auditors include councils:

- spending more money than they planned
- not making the savings they planned
- having to compromise unexpectedly on the quality of services they deliver, without having worked with service users to review and evaluate other options
- being unable to meet the increasing demand for services
- not having enough money in their reserves that they can use, if required.

Service users and local communities will suffer if important services are affected because councils fail to secure financial sustainability over an extended period of time.

Reserves are available but councils can only use this money once

21. Councils hold useable reserves to help them manage unpredictable financial pressures and plan for their future spending commitments. Councils had a total of £1.8 billion of useable reserves at 31 March 2014. This was a small decrease of two per cent in 2013/14, a change in the trend of increasing reserves in recent years ([Exhibit 6, page 18](#)).

22. Useable reserves are made up of different funds, including general, capital, housing etc. In 2013/14, general funds accounted for over half (£1.03 billion) of councils' total useable reserves. Councils allocated most of their general funds (£0.71 billion or 69 per cent) for specific purposes, such as modernisation initiatives and local development projects. The remainder (£0.32 billion or 31 per cent) of councils' general fund reserves was unallocated. Councils usually hold unallocated reserves as a contingency to help deal with unforeseen events such as rising interest rates, delays in receiving payments, relieving the pressure on demand-led services, or other unplanned spending.

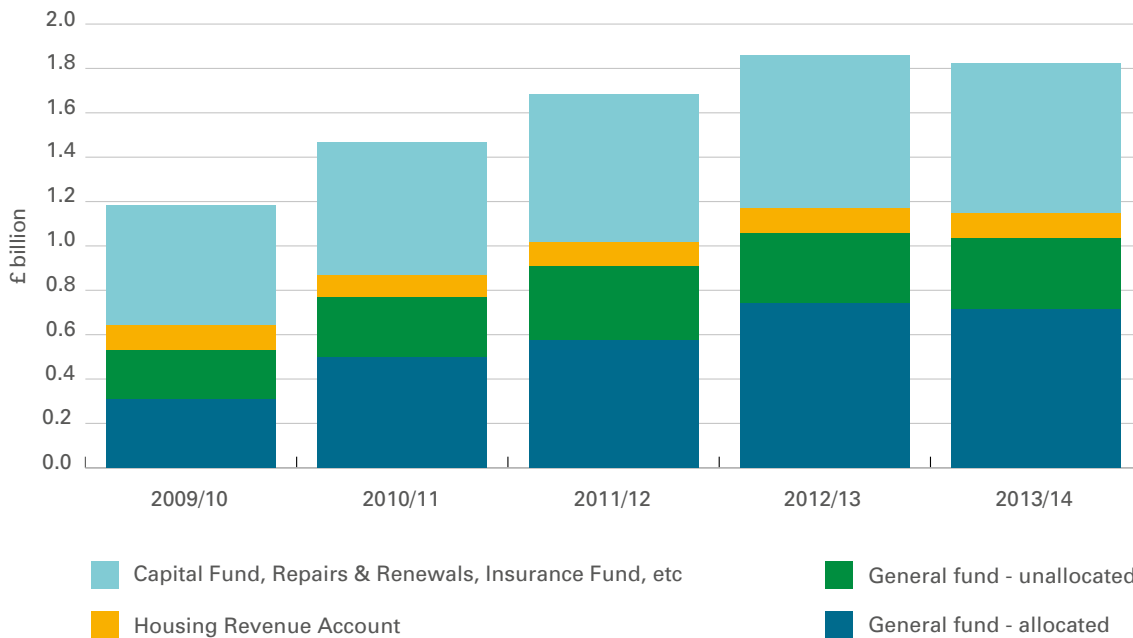
23. Councils need to consider both their level of reserves, and how they plan to use them, when developing financial plans and setting annual budgets. The chief financial officer (see [paragraph 77](#) for more information about this role) is responsible for advising the council on the level of reserves it should hold and ensuring that there are clear procedures for keeping and using reserves.

24. Guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) states that the chief financial officer should take account of the strategic, operational and financial risks facing the council, when deciding the appropriate level of unallocated reserves.⁶ Auditors reported that not all councils carried out a formal risk analysis to determine the appropriate level of reserves. Most councils had a policy to maintain unallocated general fund reserves at around two to four per cent of their net spending on services.

Exhibit 6

Councils' useable reserves from 2009/10 to 2013/14

Useable reserves stopped increasing in 2013/14 after three years of growth.



Note: Figures exclude Orkney and Shetland Islands councils, which hold large reserves and balances arising mainly from harbour and oil-related activities.

Source: Councils' audited annual accounts, 2009/10 to 2013/14



25. Councils can use their reserves to help deliver services. But they can only use them once. Reserves cannot help councils deal with budget gaps in the longer term. Twenty councils reduced their level of useable reserves in 2013/14, 11 councils increased their level and one council's level remained the same.

26. Councils also have other reserves that are not available to spend on providing services (known as unuseable reserves). These are the result of accounting practice to comply with financial reporting standards. Unuseable reserves increase and decrease to reflect updated estimates of the current value of certain council's assets and liabilities, including the value of pensions that the council will have to fund in future.

Further budget reductions are expected and demands for services are increasing

27. The Scottish Government's funding for councils in 2014/15 is £10.8 billion. This is an increase of 2.1 per cent in real terms, compared to 2013/14. In 2015/16, funding is expected to increase by a further 1 per cent in cash terms to £10.9 billion. This is a decrease of 0.5 per cent in real terms. Councils expect further reductions in funding from the Scottish Government, particularly in 2016/17 and 2017/18. The UK Office for Budget Responsibility indicated that UK expenditure could be cut by 6.4 per cent in 2016/17, 4.9 per cent in 2017/18 and 1.9 per cent in 2018/19 and 2019/20 (in real terms).⁷ If this is reflected in the UK Government's budget allocation to Scotland, the Scottish Government faces further difficult decisions about how much funding to allocate to councils alongside its other responsibilities and priorities.

28. In addition to reduced funding, councils face other pressures as demand for services continues to increase. The increasing demand for services is largely due to changes in the population, which is increasing by about 0.2 per cent a year. People are also living longer; the percentage of people aged 65 or over is projected to increase from 17 per cent in 2012 to 25 per cent by 2037 ([Exhibit 7, page 20](#)). An older population has implications particularly for social care and housing services. For example, analysis by Midlothian Council suggests that without a significant shift in the way services are provided there will be a need for an estimated 300 additional care home places, at a cost of £6 million a year, due to its increasing older population.

29. The growing population can also affect councils' education services. The number of children aged 0-15 years across Scotland is predicted to rise by 5.5 per cent by 2037. Between 2014 and 2018, the number of primary school pupils is expected to go up by 3.9 per cent. The position across Scotland varies widely. For example, Aberdeen, Glasgow and Dundee City councils have predicted increases of 20, 13 and 11 per cent respectively. Clackmannanshire, East Renfrewshire and Stirling councils have predicted decreases of between three and four per cent.⁸ For those councils most affected by the increasing number of pupils there are pressures on:

- revenue budgets, for example paying for teachers' salaries
- capital budgets, for example building and refurbishing schools.

In council areas where numbers are falling, councils must monitor the impact of this on their required resources, such as staff, buildings, facilities and transport.

An increasing proportion of councils' budgets will be required to repay debts and other financial commitments

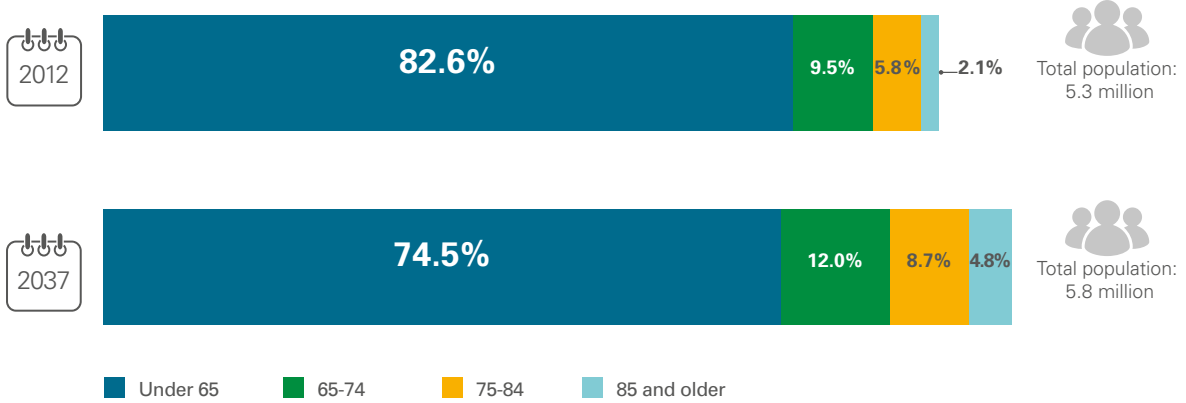
30. As councils make decisions on how to allocate their reduced budgets, they need to be clear about both their short and long-term liabilities. For example, since 2000/01 councils have financed around £4 billion of capital projects using Private Finance Initiative (PFI) and Non-Profit Distributing (NPD) contracts, mostly for new and refurbished schools. Capital projects funded through PFI and NPD generally do not involve using a council's capital budget. Instead, the project costs are met upfront by private sector contractors and the council meets the cost of this, typically over 20 to 30 years, through ongoing revenue payments. Payments to the contractor include repaying the cost, plus interest, of building the asset along with any related services, such as ongoing maintenance and service management costs. Under these contracts councils are committed to paying nearly £17 billion in total. Councils have paid £3.4 billion already and must pay a further £13.4 billion between 2014/15 and 2041/42 ([Exhibit 8, page 20](#)).

31. In addition to PFI and NPD, councils have borrowed £12.1 billion to finance investment in assets. The current value of councils' assets is £39 billion. Borrowing helps councils spread the cost of building and refurbishing their assets over a number of years. However, it means that councils commit a proportion of their future budgets to financing charges, that is repaying debt and interest. Annual interest and debt repayments on borrowing have increased from £946 million in 2009/10 to £1.5 billion in 2013/14. Repayments for current PFI and NPD contracts totalled £488 million in 2013/14 and are predicted to peak at around £600 million a year between 2024/25 and 2027/28. Higher financing commitments leave councils with less money available to spend on the other day-to-day costs of running services.

Exhibit 7

Scotland's population is changing

The percentage of the population aged 65 and over is expected to increase considerably.

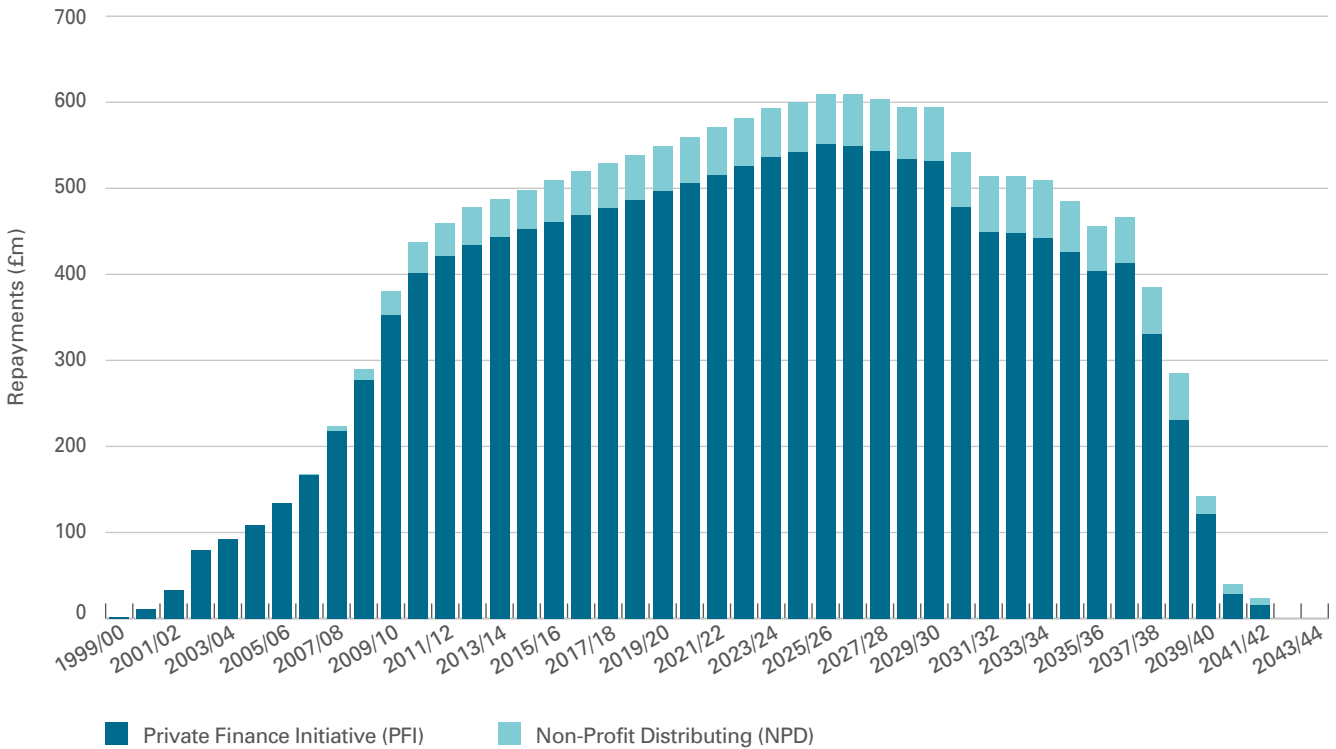


Source: Projected Population of Scotland (2012-based), National Records of Scotland, 2013

Exhibit 8

Private Finance Initiative (PFI) and Non-Profit Distributing (NPD) payments, 1999/00 to 2043/44

Councils' committed payments on current PFI and NPD contracts continue to rise until 2026/27.



Note: These figures do not take inflation into account.

Source: Audit Scotland, from HM Treasury (2014) Private Finance Initiative Projects: current projects as at 31 March 2014



32. Population projections indicate that there will be increasing demand for council services at the same time as financing charges are anticipated to peak. These longer-term challenges further support the case for longer-term financial planning ([paragraph 69](#)). Our report on borrowing and treasury management, which we will publish in March 2015, will consider whether councils can demonstrate that their borrowing is affordable and sustainable in the long term.

There are a range of other matters affecting councils' finances

33. The Welfare Reform Act 2012 is the biggest reform of the UK welfare system for 60 years and is expected to have significant implications for households and councils. The reforms include introducing a cap on the amount of benefits that people can claim. The impact on people's ability to pay what they owe in housing rent, council tax and other fees and charges is not yet clear. Councils paid £29.4 million in government-funded Discretionary Housing Payments to people who needed help to pay their rent in 2013/14. However, housing rent arrears also increased by 24 per cent between 2012/13 and 2013/14 and this may, in part, be a result of welfare reforms. The full impact of welfare reforms will not be known for some time. The reforms may create greater demands on services if more people are in debt or in need of suitable council homes.

34. Auditors report that, so far, councils are managing the impact of welfare reform and many are spending money on support for people affected, including:

- establishing working groups to coordinate help and support
- creating specific funding pots to help people in need
- setting up telephone hotlines to deal with queries and offer advice
- providing information on their websites.

35. Councils face increased costs when they implement some national policies and legislation, such as self-directed support and the Children and Young People (Scotland) Act 2014.⁹ The Scottish Government includes additional costs in the general funding it gives councils. For example, the costs associated with implementing the Children and Young People (Scotland) Act 2014 are estimated at £79.1 million in 2014/15. These are expected to rise to £138.9 million in 2016/17, and then decrease to £108.9 million by 2019/20.¹⁰ The estimated costs largely relate to two of the proposals, both of which are mainly councils' responsibility to implement:

- providing a single point of contact (a named person) for every child in Scotland
- increasing the amount of free early learning and childcare.

36. Councils are also facing other potential financial liabilities. For example, councils must pay the costs of restoring landfill sites used for waste disposal; some may have to pay for restoring open cast mines previously owned by companies that no longer exist; or spend money they did not plan to on paying staff for underpaid holiday pay.

Further changes are expected that may affect councils' finances

37. Councils are likely to face increased costs due to changes in pension schemes. These changes mean that members of workplace pension schemes and their employers no longer pay reduced National Insurance contributions from April 2016. Councils need to be sure that their pension funds are sufficient and well managed so that there is enough money to pay current employees' pensions when they retire.

38. There are potential changes to both the council tax and NDR systems which may affect councils' income. The Scottish Government and the Convention of Scottish Local Authorities (COSLA) have set up an independent commission to examine alternatives to the existing council tax system. The commission is expected to consult with communities before recommending how to develop a 'fairer system of local taxation' to help pay for council services. The commission will report in the autumn of 2015.¹¹ In addition, the Community Empowerment Bill proposes to give councils some flexibility to control their NDR income along with the ability to set local rates to attract businesses to their area or encourage existing businesses to grow.

39. More generally, the overall environment for public finances in Scotland is changing substantially. From April 2015, new taxes on land and buildings transactions and disposing of waste to landfill come into force. The Scottish Government will also have new borrowing powers. From April 2016, the Scottish Parliament must set a new Scottish rate of income tax. In addition, the recent Smith Commission report sets out proposals by Scotland's main political parties to provide more powers to the Scottish Parliament. The proposals are extensive and include further changes to the welfare system and more financial responsibilities.¹²

Part 2

Dealing with pressures in 2015/16



Key messages

- 1** Councils have reduced staff numbers to help make savings. They have paid out £352 million in voluntary severance since 2010/11. There is an increasing risk that reductions in staff numbers, and the associated loss of skills and experience, will affect essential support services, such as HR and finance.
- 2** Despite reductions in funding, available data indicates that councils have continued to improve or maintain services. However, sustaining improvement is becoming more challenging and councils face increasingly difficult decisions about providing services.
- 3** Effective financial and performance management help councils relieve pressures through, for example, targeting resources (such as money and staff) at their priority areas, and identifying better ways to provide services. Councils need to take more account of service users' priorities and get better at using local data and involving communities in planning and delivering services.
- 4** Effective planning and budgeting help councils target resources, but there is limited evidence of longer-term financial planning. Eighteen councils do not have long-term financial plans covering a period of five or more years. This can limit how well they understand the full implications of their spending and borrowing.
- 5** Governance needs to keep pace with changes in staff, management and political structures. This applies within councils and in joint working between councils and their partners, particularly in community planning. Health and social care integration, which councils and health boards are working to implement fully by April 2016, requires effective governance arrangements for the new joint bodies.
- 6** Councillors need clear information to help them scrutinise services and make effective decisions. Good information helps councils demonstrate that they use public money properly and effectively. There has been an improvement in councils' public performance reporting. Councillors should also make sure they get the training and support they need to help them fulfil their demanding roles.

strong financial management and good governance are critical to making changes successfully

Savings plans are in place but councils will need to consider more fundamental changes

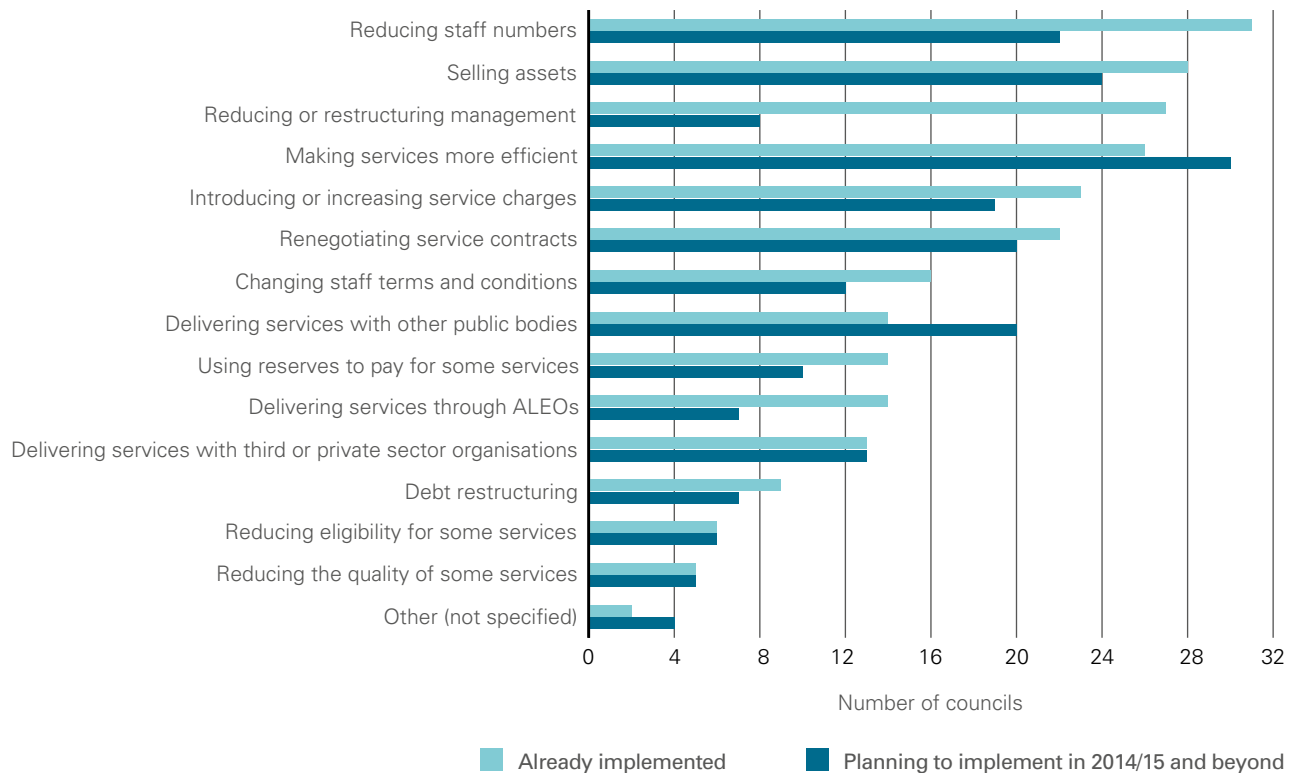
40. Councils have made savings in the last few years through various initiatives, mainly by reducing staff numbers, restructuring and reducing management, and disposing of assets such as buildings and equipment ([Exhibit 9](#)). Other sources of savings include improvements in the way councils purchase the supplies and support they need to deliver services. [Procurement in councils \[PDF\]](#) for example, found that councils had identified procurement as a source of significant savings.¹⁹ During 2013/14, 23 councils reported that they were planning to make £27 million of savings from procurement. This was 13 per cent of their overall savings targets at the time.

41. To make further savings in 2014/15, most councils were planning to make their services more efficient. They were also considering new service delivery models, including working with other public bodies and setting up arm’s-length external organisations (ALEOs). ALEOs are separate companies or trusts set up and fully owned by councils, but with separate financial and governance arrangements. Whatever the delivery model, councils retain responsibility for public money and the quality of services delivered.

Exhibit 9

Actions taken and planned to make savings

The three most common actions councils have taken to make savings are reducing staff numbers, restructuring and reducing management, and disposing of assets.




Almost all councils have reduced staff numbers to help deliver savings

42. Councils have reduced their workforce by 12 per cent since 2008, from around 228,700 to 201,500 (FTE).¹⁴ This reduction includes staff now working in ALEOs and so the actual reduction in staff providing council services will be smaller than 12 per cent. For example, 7,759 facilities management and social care staff in Glasgow City Council transferred to one of its ALEOs, Cordia. Only Aberdeenshire Council has increased its workforce since 2008, from 9,200 to 10,000 (FTE). The council attributes this to growth in demand for services as a result of a five per cent increase in the population between 2010 and 2013, and to the fact that it has not outsourced any services. At least half of councils intend to make further staff reductions in 2014/15 and beyond. For example, East Renfrewshire Council's three-year savings plan proposes a reduction of 200 posts to help close a £22 million funding gap.


43. Staff reductions have cost councils £352 million in voluntary severance payments and associated costs over the last three years (2011/12 to 2013/14). Each council produces estimates of the savings it expects to achieve from reducing its workforce. For example, North Lanarkshire Council estimated that deleting 237 staff posts in 2013/14 would cost £4.1 million for voluntary severance and early retirement, but would save £7.4 million from its staff costs each year.

44. In 2014, nearly half of councils restructured their management to save money. For example:

- Scottish Borders Council restructured its management to help bridge a £28.7 million funding gap over five years. This included appointing two new deputy chief executives and reducing the number of heads of service from 19 to 12.
- Midlothian Council reviewed its leadership and middle management structures to deliver savings of £1.3 million. This included reducing the number of heads of service from ten to eight and considering reductions in the number of middle managers, from 162 to 143.
- Highland Council has reduced the number of service directors from seven to five to help save £0.35 million a year on senior management costs from 2014/15 onwards. Since 2007, the council has reduced the number of managers by 44 posts to make annual savings of £3.25 million.

45. Although councils have reduced their staff numbers to make savings, it is crucial that they understand and manage the effect of these reductions and continue to improve or maintain the impact their services have on people's lives. Councils tell us they have tried to protect front-line staffing and concentrate the reductions among support staff and management. Our [School education \[PDF\]](#)  report found that councils' spending on education fell by five per cent in real terms between 2010/11 and 2012/13, largely as a result of employing fewer staff.¹⁵ Teacher numbers (FTE) were reduced by two per cent between 2010 and 2013. They fell further in 2014, to 50,824, which is the lowest number in the last ten years. This coincides with pupil numbers increasing since 2012 and, in the last year, the total pupil-teacher ratio increased from 13.5 to 13.6. The primary school pupil-teacher ratio increased from 16.5 to 16.7. We recommended that councils need to fully assess the potential longer-term impact of staff reductions on pupil attainment and wider achievement, and they need to be alert to the potential impact of increased

workloads on remaining staff. Teacher numbers and related funding have been the subject of recent discussion between the Scottish Government and councils.

46. Where further staff reductions are planned, it is important that councils have comprehensive workforce plans and strategies to help manage the impact of significant staff reductions. Our [Best Value report on the City of Edinburgh Council \[PDF\]](#)  highlighted the crucial role of a workforce strategy in enabling councils to plan and manage required savings and to ensure that councils:

- have sufficient capacity for change and improvement
- can meet increased demand for services in the context of financial constraints.

Available data indicate that councils maintained or improved service performance in 2013/14 but pressures on services are increasing

47. Councils have generally managed workforce reductions well while maintaining or improving their performance indicators in most service areas between 2010/11 and 2013/14 ([Exhibit 10, page 27](#)).

Decisions on how to reduce spending are becoming even tougher

48. Faced with increasing demand and reduced budgets, councils are finding it harder to continue to improve or maintain the level and standard of services. Councils and their partners need to make sure they are targeting their resources (that is, money and staff) in the right way. To date, councils have relied mainly on staff reductions to achieve the savings they require, but this approach alone is not sustainable.

49. To help manage further budget reductions, Scottish councils need to continue:

- reviewing how they deliver services
- assessing whether what they are doing is the most efficient and effective option, both in the current circumstances and in the future. If this is not the case, councils need to consider fundamental changes.







50. There are a number of actions that councils should take to help them identify how best to target their resources. These include making better use of local socio-economic data and involving service users in deciding their priorities ([Exhibit 11, page 28](#)).

51. There is also an increasing need, and expectation, that councils and their partners deliver more integrated services. This will help councils to make best use of their resources, achieve value for money and improve outcomes for people and communities. Community planning involves councils, NHS boards, other public sector bodies, businesses and voluntary groups, working together with local communities to deliver better services. All councils have established a community planning partnership (CPP) in their area. CPPs are required to identify local priorities and set these out in a Single Outcome Agreement (SOA). The Community Empowerment (Scotland) Bill proposes to give the public bodies involved in CPPs a legal duty to work in partnership to plan and improve outcomes for their area.

Exhibit 10

Improving service performance in 2013/14

Performance indicators in most service areas show improvements since 2010/11.

Education 	Culture and leisure 	Environmental services 
<ul style="list-style-type: none"> The proportion of secondary school pupils achieving five or more SQA Level 6 awards has increased from 23 per cent to 28 per cent. The proportion going on to positive destinations has risen from 89 per cent to 92 per cent. The cost per secondary school pupil has fallen by 3.6 per cent, while the number of pupils decreased by 3.9 per cent. The cost per primary school pupil has fallen by 7.4 per cent, while the number of pupils has increased by 3.3 per cent. The cost per pre-school place has fallen by 15.3 per cent, while the number of places has gone up by 11.8 per cent. 	<ul style="list-style-type: none"> Visitor numbers for sports have increased by 17.3 per cent, reported to be the result of significant capital investment across Scotland ten years ago. The number of library visits has increased by 26.6 per cent, boosted by numbers of virtual visits, use of public access computers and adjusting opening hours to better suit user demand. Museum visits have gone up by 25.8 per cent. The increase in numbers has helped to reduce the costs per visit. 	<ul style="list-style-type: none"> Recycling rates increased to 42.2 per cent of household waste being recycled, as councils work towards Scotland's Zero Waste 60 per cent target in 2020, while costs per premise have reduced by 3.2 per cent. Street cleaning costs per thousand population have fallen by 25.4 per cent and roads maintenance costs per kilometre have fallen by 21.2 per cent. Waste collection costs crept up slightly between 2012/13 and 2013/14, suggesting that there may be few savings left to find now that councils have already introduced 'route optimising' systems, changes in working practices and collecting bins less frequently.
Adult social care 	Housing 	Economic development 
<ul style="list-style-type: none"> The hourly cost of homecare for older people has fallen by 4.6 per cent. The percentage of people with intensive needs cared for at home has increased from 32.2 per cent in 2010/11 to 34.7 per cent in 2013/14. 	<ul style="list-style-type: none"> Levels of rent lost due to houses sitting empty after a tenant has left have remained unchanged at 1.3 per cent. 	<ul style="list-style-type: none"> The percentage of unemployed people helped into work by their council has risen from 9.6 per cent to 12.6 per cent.
Public satisfaction		
<ul style="list-style-type: none"> Public satisfaction with councils' services has increased for waste collection, decreased for schools, social work and libraries and remained static for leisure, museums, parks and street cleaning. 		

Source: *National Benchmarking Overview Report 2013/14*, Improvement Service, January 2015

Exhibit 11

Actions councils should take to effectively target their resources



Source: Audit Scotland

52. More recently, health and social care integration under the Public Bodies (Joint Working) (Scotland) Act 2014 will bring about the most significant change in public services in Scotland in recent years. Councils and NHS boards have a major opportunity to add value to people's lives through improved, coordinated services.

Councils need to have good information for decision-making

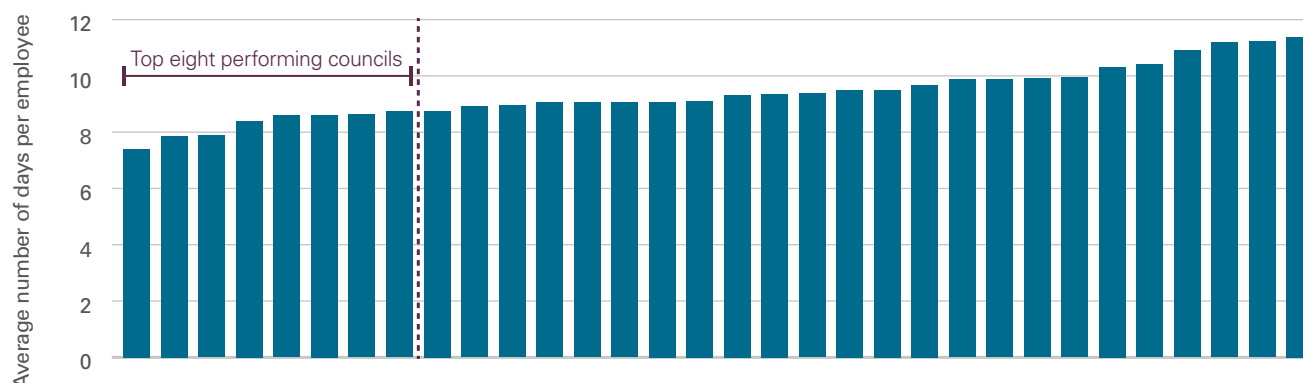
53. The Local Government Benchmarking Framework (LGBF) allows councils to assess and compare their performance and costs across all major service areas. The Improvement Service publishes the LGBF data by theme and by council. Councils can compare how much they spend, and how they perform, with other similar councils. This allows them to identify their strengths and areas where they could improve and to learn from good practice in other councils. For example, sickness absence varies across councils from an average of 7.4 days to 11.4 days per employee per year ([Exhibit 12, page 29](#)). If councils with high absence levels could lower this to match the top eight performing councils (lower than 8.8 days), that would gain the equivalent staff time of 450 full-time employees across Scotland. Councils have already saved the equivalent staff time of around 500 employees by improving sickness absence from an average of 9.8 days in 2010/11 to 9.2 days in 2013/14.

54. Our overview report on community planning found that councils and their partners need to get better at using data to understand local areas if they are to maximise their impact. It found that the more developed SOAs used data at a neighbourhood level to help target CPPs' activity and spending.¹⁶

Exhibit 12

Sickness absence in councils, 2013/14

Sickness absence in the top eight performing councils was less than 8.8 days per employee.



Source: *National Benchmarking Overview Report 2013/14*, Improvement Service, January 2015




55. West Lothian CPP, for example, has recognised that using data effectively is important to develop a successful CPP. The council recruited a data analyst to develop local profiles for areas in West Lothian. The CPP aims to use this data to better understand its communities so that it can target resources, such as funding and staff, to where they are most needed. Ultimately, the CPP aims to predict local needs, and then prevent specific issues, such as high rates of teenage pregnancies. Similarly, Glasgow's CPP used available data to select three key priorities in its SOA, providing it with a clear strategic direction for the next ten years.

Councils are consulting with service users and communities but need to involve them more in planning and delivering services

56. To target their limited resources effectively, councils need to work with local people to understand what their needs are and what services will have the best and most sustainable impact on their lives. Local people can bring insights and experiences to planning, developing and delivering services, complementing those of council staff.

57. Many councils and CPPs do not draw on the results of consultation activity when making decisions and setting priorities. There is significant potential for councils to improve how they involve the public. For example:

- Comhairle nan Eilean Siar brought together views of communities and used them to influence decisions and develop services.
- Falkirk CPP is involving older people in developing new ways of providing services to help them remain independent for as long as possible.
- Perth and Kinross Council is facilitating work in communities where people who need social care services and their families are developing local services to meet their shared needs.

58. While CPPs continue to improve how they consult with local people, they are not yet working with them to improve local services.¹⁷ Our report on [Self-directed support \[PDF\]](#)  found that genuinely involving users in decisions about how services are delivered, sometimes called co-production, is typically not happening.¹⁸

59. In June 2014, the Scottish Government introduced the Community Empowerment (Scotland) Bill to the Scottish Parliament. It includes proposals for:

- providing greater rights for communities to plan and manage public services
- placing CPPs on a statutory basis, by putting a legal duty on a range of public sector bodies to work together in partnership with communities to plan and improve outcomes for their areas.

60. While this should help improve communities' involvement in decisions about local services, councils will have to adopt fundamentally different ways of working with communities to enable them to participate effectively.

61. The Bill also contains provisions to improve access to information about the common good assets in each council area. These are properties and other assets that are held by a council on behalf of its residents. The total value of these in Scotland was £0.3 billion as at 31 March 2014.

Councils are reviewing and changing the way they deliver services

62. As budgets are cut, councils need to review thoroughly how they deliver services and identify new, more efficient or better ways of delivering them. They need to act on the results of the reviews, which should be informed by better use of data and user views, to improve services.

63. Councils are considering, and consulting on, areas of potential service reductions, such as closing, or reducing opening hours for, libraries or other leisure facilities. As they consider proposals to reduce or stop services, councils need to identify the benefits and risks associated with each option. These include the implications for how services perform, the impact on service users and the effect on longer-term outcomes for people and communities. For example, reducing services to older people that help them live independently at home may produce savings in the short term but may result in people needing more intensive, expensive support sooner than would otherwise have been the case.

64. A number of councils have reviewed and changed the way they deliver services ([Case study 1, page 31](#)). It is important that councils monitor how their services are performing so they can understand whether they are making the anticipated improvements and savings. They should also review the process of making the changes and apply lessons learned to future changes.

65. There is limited evidence of councils moving towards preventative services. These services help prevent or delay people's need for a service, for example an older person requiring a place in a care home. In a climate of reduced resources it is difficult for councils and their partners to divert money from delivering existing services to more preventative services. However, prevention is an important element in managing future demand for services, and is therefore an important


Case study 1



Examples of councils reviewing and changing services

- East Ayrshire and South Ayrshire councils jointly launched the Ayrshire Roads Alliance to deliver a range of roads services. These include roads maintenance, winter maintenance, design and infrastructure, traffic and transportation, and road safety. The councils expect the shared services arrangement to deliver more than £8 million in savings over the next ten years. The savings will be mainly from reduced management and administrative costs and from better deals on larger orders.
- Glasgow City Council partially funds the Social Care Ideas Factory, a voluntary organisation, to develop ideas for changing and improving social care services. The Ideas Factory gets social care providers, service users, carers and the council together to test ideas that help people with social care needs to regain or retain full lives at home and in their communities.

Source: Audit Scotland

element in securing financial sustainability. Our report on [Reshaping care for older people \[PDF\]](#)  found that more needs to be done to target resources on preventing or delaying ill health and on helping people to stay at home.¹⁹

66. Our [Community planning report \[PDF\]](#)  found that while CPPs are starting to focus more on prevention, much of this activity is on a small scale. It also acknowledged that moving resources towards preventative activity will be more challenging as financial and demand pressures increase. There are, however, some examples of councils and CPPs investing in prevention activity:

- Stirling Council's social work services propose to save £442,000 over five years by extending the current re-ablement services for older people. These will now include people under 65 with physical disabilities, learning disabilities and mental health problems. Re-ablement focuses on building people's skills, capabilities and confidence to enable them to retain, or regain, their independence living at home with little, or no, support.
- Perth and Kinross Council offers a support service to people who claim Discretionary Housing Payments and Scottish Welfare Funds. The council does this to try to understand the reasons for their difficulties and stop them from happening. Officers review claimants' finances with them and try to maximise their income wherever possible, for example, by identifying additional benefits they may be entitled to or how claimants can spend less money. The council anticipates that taking this approach will greatly reduce the number of people needing its help.
- West Lothian CPP has agreed a comprehensive ten-year prevention plan. It sets out 68 prevention projects and identifies a number of broad areas to focus on in the future, such as reducing reoffending and alcohol misuse by young people.²⁰

67. As the pressures on councils and their partners mount in the coming years, they may have to consider more fundamental changes. In England, councils have faced more severe budget cuts in the last few years. Between 2010/11 and 2015/16, the UK Government will reduce its funding to English councils by 37 per cent, in real terms.²¹ As with Scottish councils, cuts so far have been managed mainly through workforce reductions. English councils are now increasingly relying on new, untested ways of making savings. There is also evidence that core services, such as homecare and day care for adults, are being reduced. Birmingham City Council, for example, is now actively looking to stop some services to help achieve its required £72 million of savings in 2015/16, and is planning to:

- cut services for those with physical disabilities by 50 per cent
- contract out a range of care services, such as sheltered housing
- cut over half of its library staff
- increase parking charges and other fees, such as waste disposal for businesses
- remove subsidies for public events.

68. In these circumstances, where there are greater risks in using untested approaches, it is even more important that councils identify the risks and manage them carefully. Responding effectively to the current and continuing financial pressures means that councils will have to be bold and take risks. They cannot afford to be risk averse, so the focus is on being risk aware.

Effective planning and budgeting help councils target resources, but there is limited evidence of longer-term financial planning

69. It is important that councils develop and maintain long-term financial plans, looking five to ten years ahead, to direct and control their finances and set the context for annual budgets. Plans should also show whether the council's finances are sustainable over this period of time. They can help the council identify potential problems at an earlier stage, for example identifying significant demographic change or increasing costs for repaying debts. Long-term plans need to make assumptions about future funding, spending and activities, so they should set out different scenarios and their implications for the council's future budgets.

70. Plans should include both annual revenue spending on services and capital spending to invest in buildings and equipment, showing clearly how the two types of spending relate to each other. In the current financial environment, councils need to plan and budget in a way that focuses more on their priorities and links their planned spending more closely with the outcomes they want to achieve.

71. Eighteen councils do not have long-term financial plans covering a period of five or more years. This can limit how well they understand the full implications of their spending and borrowing. A long-term financial plan should include estimated income and costs, and the savings that may be required to bridge any gaps. It should provide councillors and senior managers with a good understanding of the financial health of the council, including anticipated pressures and options for addressing them ([Exhibit 13, page 33](#)).

Exhibit 13**Important features of long-term financial planning**

Councils should have financial plans which cover a period of five to ten years.

Element	This should include:
Income 	<p>An assessment of expected income, including projected changes to council tax income. It should set out options to increase income, for example policies on fees and charges</p>
Costs 	<p>A clear understanding of the council's costs, including those of individual services, borrowing costs etc. It should highlight future cost pressures and identify options for relieving these</p>
Savings 	<p>An analysis of required savings along with evidence-based options for achieving these. This should set out details of one-off and recurring savings and the risk of these not being achieved</p>
Funding gaps 	<p>Details of any funding gaps between projected income and the cost of providing services, including the reasons for these and how these will be managed</p>
Assets, liabilities and reserves 	<p>An assessment of assets and liabilities showing how these will change over time. There should also be a reserves policy, setting out details of adequacy, why reserves are held and what they will be used for</p>
Scenario planning 	<p>Different scenarios that show the best, worst and most likely financial positions. This should set out the assumptions used, and take into account long-term economic forecasts and interest rate projections</p>
Capital investment activity 	<p>Details of investment needs and plans and how these will be paid for. This should include details of estimated financing charges</p>
Demand 	<p>Analysis of demand for services, taking into account various population projections. It should also include the impact of demand on capital investment needs</p>
Risks 	<p>An analysis of significant financial risks, their implications and how these might be mitigated</p>
Links 	<p>Clear links to the council's corporate strategy and CPP objectives and to other relevant information, for example workforce and asset management plans</p>

Some councils are taking a priority-based approach to budgeting

72. Effective budgeting is an important part of good financial management because it:

- can help councils understand where best to direct their resources, such as money and staff, to achieve the greatest benefits
- sets out where and how much money will be allocated
- allows councils to monitor throughout the year the financial position against the budget.

73. It is important that councils are clear about local priorities and national policies and develop their budgets to target resources at these. One way of doing this is to use a priority-based approach to budgeting. There are some examples of councils using this approach to budgeting, for example Aberdeen City Council and Stirling Council, but many councils are not yet aligning their budgets with their priorities. Aberdeen City Council is now developing its approach to target resources at specific outcomes. There should be clear connections between the local priorities that the council and its partners have set out in their SOA and the way they target the combined money resources they have available for public services in the area.

Governance arrangements must be kept up to date and fit for purpose


74. There have been major changes to staffing and management structures as a result of workforce reductions and organisational changes. This affects existing governance arrangements, for example from losing people and posts that authorised or reported important financial and performance information. Governance arrangements include rules for authorising decisions and spending, systems for managing risks, processes for reporting and scrutinising financial and service performance, and standards for the way councillors and staff behave. It is important that councils review the core elements of governance by:

- creating and implementing a vision for the local area and focusing on outcomes for the local community
- councillors and council officers working together to achieve a common purpose, with clearly defined functions and roles
- promoting the council's values and upholding high standards of conduct and behaviour
- taking informed and transparent decisions which are subject to effective scrutiny and managing risk
- developing the capacity and capabilities of councillors and officers
- engaging with local people and other stakeholders to ensure robust public accountability.²²


75. There is a risk that some councils' management teams may now be too small, or lack the skills and experience, to oversee and control their wide-ranging responsibilities. This can make effective leadership and management more challenging. Smaller management teams need to have clear arrangements for all the important functions they need to fulfil, including effective systems of control over finances and performance. Councils also need to ensure they have enough people with the right skills to deliver their ambitious change and improvement programmes, both now and in the future.

76. The chief executive role is crucial to the success of the council. The role is complex and demanding. It requires a good balance between responsibilities to the political administration and to the council as a whole, and the need to build effective relationships with people in organisations that work with or for the council to deliver public services, such as health and social care partnerships and ALEOs.

77. The chief financial officer, also known as the section 95 officer or proper officer for finance, has a crucial role in providing advice on all aspects of finance and is central to effective governance. Councillors should satisfy themselves that the chief financial officer has appropriate access to, and influence over, decision-makers to perform this role effectively. From 2014/15, councils' annual accounts must include a statement of responsibilities and this must accurately reflect the responsibilities of the chief financial officer.²³

78. Councillors also need to be aware of the important contributions provided by statutory officers who, similar to the chief financial officer, act independently to promote and enforce good governance (**Exhibit 14, page 36**). The chief financial officer and the monitoring officer in particular provide independent advice to the council on the affordability and legality of options for services and savings. Fuller information on the statutory officers and their roles, which are undertaken alongside their wider responsibilities for the management of the council, is available on the [Improvement Service website](#) 

There is an increasing risk that reductions in staff numbers will affect essential support services, such as HR and finance.

79. There is an increasing risk that reductions in staff numbers will affect essential support services, such as HR and finance. There are signs of pressure in councils' finance departments, such as delays in preparing annual accounts and supporting papers. We have asked Audit Scotland to examine the impact on finance departments of reduced staff numbers. We will report our findings in next year's overview report. Our [Scotland's public finances—follow-up audit \[PDF\]](#)  stressed the need for council leaders and senior managers to consider the ability of finance departments to supply councillors with clear information to allow them to scrutinise budgets.²⁴

80. There are similar concerns about reductions in skills and experience in internal audit and fraud prevention teams. The recently revised accounting regulations introduce the new requirement for an effective internal auditing service in accordance with recognised standards and practices set out in the public sector internal audit standards.^{25;26} The regulations also require councils to assess the efficiency and effectiveness of internal audit.

Exhibit 14

Roles of statutory officers in councils

Statutory officers have an important role in promoting and enforcing good governance, alongside their wider responsibilities in the council.

Role	Established by	Statutory responsibilities
Head of paid service (chief executive)	Local Government and Housing Act 1989	Council staff structures and numbers; ensuring the work in different departments is coordinated
Chief financial officer (or section 95 officer or proper officer for finance)	Local Government (Scotland) Act 1973	Proper administration of the financial affairs of the council
Monitoring officer	Local Government and Housing Act 1989	Advising councillors about the legal position of proposed actions
Chief social work officer	Social Work (Scotland) Act 1968	Advising councillors and senior officers on the delivery of social work services

Source: Audit Scotland


81. Effective and transparent scrutiny is an essential component of good governance and, where issues have been identified, councils are taking actions to improve. For example, our [Best Value report on South Ayrshire \[PDF\]](#)  in February 2014 found that there were significant weaknesses in the way councillors scrutinised how the council and services performed.²⁷ We reported in December 2014 that the council had reviewed its scrutiny arrangements and implemented a new governance structure which appears to have a tighter focus on governance and service performance.

82. Our reports highlight the crucial role of effective leadership from councillors and senior managers:

- School education – found that effective leadership was crucial for improving educational attainment.
- Self-directed support – found that councillors and senior managers were not providing effective leadership in every council for implementing this important social care policy.

83. We reported last year that political tensions were getting in the way of effective leadership in some councils. There are signs that this continues. For example, our 2013 report on [Argyll and Bute Council \[PDF\]](#)  highlighted our serious concerns about substantial risks to the council caused by the instability of leadership by councillors since the last council election.²⁸ Our [follow-up report \[PDF\]](#)  in 2014 found that the political dynamics of the council were more stable than before, and new political management arrangements were in place, although some underlying tensions were still

evident.²⁹ Similarly, Falkirk Council's auditor noted that following the introduction of a new decision-making structure in May 2013, not all councillors were attending executive and scrutiny committee meetings and scrutiny and policy development panels.

84. Our 2014 report on [Community planning \[PDF\]](#)  found that CPP boards are not yet fulfilling their role effectively.³⁰ Strategic leadership, oversight and challenge (for example, of individual partners' contribution to the CPP's priorities) still tends to happen at a level, or at levels, below the CPP board.

85. Many councils have set up ALEOs as an alternative way of delivering council services. ALEOs most commonly provide culture and leisure services and property management, but also deliver social care, transport and other targeted community services. As more councils use ALEOs to save money or run more efficient services, they must satisfy themselves that arrangements are in place to ensure the new structures deliver good services within budget. In particular they must manage the financial risks to the council and service users if the ALEO fails. Councils should also regularly review existing, long-standing ALEOs to ensure their governance arrangements remain effective. Aberdeen City Council has plans to strengthen its governance arrangements for ALEOs ([Case study 2](#)).

Case study 2

Aberdeen City Council's new governance hubs



Following advice from its auditors to review its governance arrangements for ALEOs, Aberdeen City Council is creating three new governance hubs:

- Social Care, Wellbeing and Safety
- Enterprise, Strategic Planning and Infrastructure
- Education, Culture and Sport.

Each governance hub will consist of service representatives and officers from the council's finance, legal, human resources, risk management and procurement departments. Their role will be to scrutinise in detail each of the council's significant ALEOs. This will involve regularly meeting with the ALEOs and reviewing a range of risk and performance information.

The hubs will report to service committees twice a year on ALEOs' operational performance (including financial performance), people performance, risk management and service quality.

The hubs will also report quarterly to the Audit, Risk and Scrutiny Committee, which retains overall responsibility for scrutinising performance.

Source: Audit Scotland

Governance arrangements need to reflect changes in structures and services

86. Councils should review their governance arrangements whenever they make changes to the way they manage or deliver services to ensure they remain effective. They should also regularly review long-standing arrangements in case they have become less effective over time.

87. A crucial element of governance is audit committee arrangements, and these were the subject of consultations leading to the 2014 accounting regulations. The regulations do not make audit committees mandatory. However, it is clear that Scottish Ministers consider that councils should devote sufficient resources to enable the audit committee, along with other scrutiny functions, to carry out its role effectively. All councils have at least one audit committee. We believe that effective and transparent scrutiny is best achieved where:

- the chair of the scrutiny or audit committee is not a member of the political administration
- the committee has clear terms of reference that set out their role in independent scrutiny of council decisions and performance
- the committee has adequate support and access to independent advice
- members of the committee have the necessary skills and training to do their job.

88. Across Scotland, new service arrangements are being put in place. These include health and social care integration and the new single police service. There are also new local service arrangements, such as joint working between councils and making use of ALEOs. Councils should review governance arrangements when changes like these are introduced to make sure roles, responsibilities and accountabilities are appropriate to the new models.

89. Health and social care integration, which councils and health board partners are working to implement fully by April 2016, requires effective governance arrangements for the new joint bodies. Responsibility for setting up the new joint bodies and establishing good governance arrangements is shared between the two partners. In our report on community planning we said that effective leadership, challenge and scrutiny depends on a culture of trust between partners, in which there are not only good ongoing relationships but the ability to challenge and hold each other to account. The same applies to health and social care bodies. There are also changes to the governance arrangements for pension funds. From April 2015, the law requires that schemes have pension boards comprising employer and employee representatives; currently pension fund committees comprise councillors only.

Councillors need clearer information to help them scrutinise services more effectively

90. Councillors need good information to scrutinise services and make effective decisions. It also helps councils demonstrate that they use public money properly and effectively. Councils have a duty to report their performance publicly. There has been an improvement in councils' overall approach to public performance reporting. It is easier to find information and more councils

now have performance information clearly signposted on their websites.

Our [Best Value report on Comhairle nan Eilean Siar \[PDF\]](#) found that the council improved its public performance reporting arrangements during 2013 when it introduced its public performance calendar.³¹ The calendar presents a range of information, structured around its SOA, as well as service-specific information. However, there is scope to improve performance reporting in some councils. The Improvement Service is developing guidance to assist councils in how they report their performance.

91. Our [SPF follow-up report \[PDF\]](#) found that all public bodies, including councils, need to improve the level and consistency of information provided for scrutiny and decision-making. It reported cases where:

- reporting of financial information was limited in frequency and content
- actions, responsibilities, measurable outcomes or timescales were unclear
- scrutiny of plans and savings took place in private and the decisions were not reported.³²

92. Audited annual accounts are an important element of the public reporting of financial performance. Councils' accounts, for financial year 2013/14, were all completed on time and were signed off by auditors without qualified opinions (this means that the 2013/14 accounts present a 'true and fair' view of the financial position). Unqualified audit opinions were also issued for each of the 11 pension funds run by councils. We welcome this achievement by councils and the assurance it provides to the public and other stakeholders, including the Scottish Government. For the first time in 2013/14, a full audit of registered charities' accounts where a council or some council members are the sole trustees was required by regulation.

93. Financial reporting takes a number of forms, including the audited annual accounts, budget documents, published plans and council papers. Financial risks, uncertainties and the quickly changing context we outline in this report reinforce the need for comprehensive, transparent, reliable and timely financial reporting. An overall picture of the financial position which includes details of what is owned (assets) and what is owed (liabilities) along with annual income and spending levels is essential to understand the risk to financial sustainability.


94. Councils' accounts are complex and include technical accounting adjustments to meet statutory requirements. As a result, it is not always clear to those without a financial background how councils performed against their budgets, or the extent to which they anticipate future funding gaps.

95. It is also difficult to get a clear picture of the overall liabilities and the likelihood and timing of meeting the liabilities in future. For example, while accounting rules require disclosure of a council's involvement in an ALEO in its annual accounts, councillors may not have a comprehensive picture of the overall, potential liabilities associated with their council's involvement in ALEOs. If ALEOs experience financial difficulties, the council may be required to provide additional financial support beyond that included in the council's budget.

96. This is an area for further consideration and development. We therefore welcome recent changes to the accounting regulations which require councils to include a management commentary in their accounts. In addition, the CIPFA/LASAAC Local Authority Accounting Code Board is continuing to work on a project to simplify how councils should report their financial performance in the financial statements.³³

Councillors need training to help them set budgets and scrutinise performance

97. It is more important than ever that councillors have appropriate knowledge and expertise to carry out their role effectively:

- Our SPF follow-up report highlighted the funding arrangements for major capital investment, such as tax incremental financing and NPD, as an example of a complex area. Councillors and other public sector leaders may require help to ensure they are fully aware of the key issues, risks and impact of these financing models on public finances.
- Our [Procurement in councils report \[PDF\]](#)  emphasised the importance of councillors having a good knowledge of procurement rules. We recommended that councils should encourage councillors sitting on the main committee or committees dealing with procurement to complete specific training to help them perform their role more effectively.
- Our report on borrowing and treasury management, which we will publish in March 2015, will consider whether councillors have enough expertise to challenge decisions in this complex area.








98. Where necessary, councillors should seek advice and training to support them in their role and councils should assure themselves that they provide appropriate support. For example, North Lanarkshire Council produces an annual learning and development programme and runs training courses for councillors. Two-thirds of councillors attended at least one training session in 2013/14. For the last few years, the Improvement Service has offered a voluntary Continuous Personal Development (CPD) framework for councillors. Alongside SOLACE, the Improvement Service is developing a programme of training for council chief executives, senior managers and councillors.

99. In addition to reviewing their training needs, councillors should ensure the recommendations in this report are implemented, where appropriate. We have provided a self-assessment tool on our website to help them do this.

Endnotes



- ◀ 1 *Local Government Financial Circulars*, Scottish Government, 2012, 2013 and 2014.
- ◀ 2 [How councils work: an improvement series for councillors and officers – Charging for services: are you getting it right? \[PDF\]](#)  Audit Scotland, October 2013.
- ◀ 3 *Scottish Housing Quality Standard Progress update 2012/13*, Scottish Housing Regulator, March 2014.
This figure excludes Stirling Council as they did not provide Regulator with data.
- ◀ 4 [The Audit of Best Value and Community Planning. The City of Edinburgh Council. A follow-up report \[PDF\]](#)  Audit Scotland, December 2014.
- ◀ 5 *BOLD business cases - delivering a lean and agile council*, The City of Edinburgh Council Finance and Resources Committee, 15 January 2015.
- ◀ 6 *LAAP Bulletin 99: Local Authority Reserves and Balances*, CIPFA, July 2014.
- ◀ 7 *Economic and fiscal outlook*, Office for Budget Responsibility, December 2014.
- ◀ 8 *Pupils projections - 2012 based*, Scottish Government, August 2014.
- ◀ 9 *Self-directed Support: A National Strategy for Scotland*, Scottish Government and COSLA, 2010. Social Care (Self-directed Support) (Scotland) Act 2013.
- ◀ 10 Children and Young People (Scotland) Bill Financial Memorandum, 2013 and letter from Aileen Campbell MSP to Kenneth Gibson MSP, 12 September 2013.
- ◀ 11 *The Government's Programme for Scotland 2014-15*, Scottish Government, November 2014.
- ◀ 12 *Report of the Smith Commission for further devolution of powers to the Scottish Parliament*, The Smith Commission, November 2014. Note: The UK Government established the Smith Commission following the referendum on Scottish independence in September 2014. Its remit was to consider what further powers should be devolved to the Scottish Parliament.
- ◀ 13 [Procurement in councils \[PDF\]](#)  Audit Scotland, April 2014.
- ◀ 14 *Public sector employment statistics*, Scottish Government, 2014. Figures exclude police and fire and rescue services.
- ◀ 15 [School education \[PDF\]](#)  Audit Scotland, June 2014.
- ◀ 16 [Community Planning: Turning ambition into action \[PDF\]](#)  Audit Scotland, November 2014.
- ◀ 17 [Community Planning: Turning ambition into action \[PDF\]](#)  Audit Scotland, November 2014.
- ◀ 18 [Self-directed support \[PDF\]](#)  Audit Scotland, June 2014.
- ◀ 19 [Reshaping care for older people \[PDF\]](#)  Audit Scotland, February 2014.
- ◀ 20 [Community Planning: Turning ambition into action \[PDF\]](#)  Audit Scotland, November 2014.

- ◀ 21 *Financial sustainability of Local Authorities 2014*, National Audit Office, November 2014.
- ◀ 22 *Delivering Good Governance in Local Government, Guidance Note for Scottish Authorities*, SOLACE/CIPFA, 2008.
- ◀ 23 *The Local Authority Accounts (Scotland) Regulations 2014*.
- ◀ 24 [Scotland's public finances – a follow-up audit: Progress in meeting the challenges \[PDF\]](#)  Audit Scotland, June 2014.
- ◀ 25 *The Local Authority Accounts (Scotland) Regulations 2014*.
- ◀ 26 *Public Sector Internal Audit Standards. Applying the IIA International Standards to the UK Public Sector*, Issued by the Relevant Internal Audit Standard Setters including the Chartered Institute of Public Finance and Accountancy, HM Treasury and the Scottish Government, June 2013.
- ◀ 27 [South Ayrshire Council. Best Value Audit. \[PDF\]](#)  Audit Scotland, December 2014.
- ◀ 28 [Argyll and Bute Council. Statutory report \[PDF\]](#)  Audit Scotland, October 2013.
- ◀ 29 [The Audit of Best Value and Community Planning. Argyll and Bute Council. Follow-up audit \[PDF\]](#)  Audit Scotland, July 2014.
- ◀ 30 [Community Planning: Turning ambition into action \[PDF\]](#)  Accounts Scotland, November 2014.
- ◀ 31 [The Audit of Best Value and Community Planning. Comhairle nan Eilean Siar. A follow-up report \[PDF\]](#)  Audit Scotland. May 2014.
- ◀ 32 [Scotland's public finances a follow-up audit: Progress in meeting the challenges \[PDF\]](#)  Audit Scotland, June 2014.
- ◀ 33 LASAAC - Local Authority (Scotland) Accounts Advisory Committee.

An overview of local government in Scotland 2015

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Audit Scotland, 110 George Street, Edinburgh EH2 4LH

T: 0131 625 1500 E: info@audit-scotland.gov.uk 

www.audit-scotland.gov.uk 

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Finance and Resources Committee

2.00pm, Wednesday 13 May 2015

Governance of Major Projects: progress report

Item number	7.8
Report number	
Executive/routine	
Wards	All

Executive summary

The former Policy and Strategy Committee on 7 August 2012 agreed the role and remit of the Corporate Programme Office, (“CPO”), which was to include the supervision of major projects, namely those with a value of over £5million or which are particularly sensitive to the Council's reputation. This report contains an update of the major projects portfolio and the forthcoming assurance review schedule.

Links

Coalition pledges	P03, P20, P23, P27, P28, P36, P41, P44, P47, P49, P51, P53
Council outcomes	C01, C02, CO25, CO26
Single Outcome Agreement	All

Governance of Major Projects: progress report

Recommendations

- 1.1. It is recommended that Committee note:
 - 1.1.1 the current synopsis of the dashboard reports for the major projects portfolio set out in appendix 1; and
 - 1.1.2 the current assurance review schedule for the first two quarters of 2015/16 as set out in appendix 2.

Background

- 2.1 The former Policy and Strategy Committee agreed the role and remit of the Corporate Programmes Office (“CPO”), which was to include oversight of major projects, namely those with a value of over £5million or which are particularly sensitive to the Council’s reputation.
- 2.2 This report forms the scheduled quarterly status update to Finance and Resources Committee as the major projects portfolio board.

Main report

CPO Reporting Arrangements

- 3.1. Project Managers of each of the major projects are required to complete dashboard reports for each project. These returns seek to establish how key dimensions of the project are progressing and aim to ensure there is clear visibility of the status of each major project within the Council.
- 3.2. It should be noted that the content and sign off of each dashboard report remains the responsibility of the SRO/Sponsor.
- 3.3. A synopsis of the latest set of dashboard summaries is contained in appendix 1. Full dashboard reports are shared in the [major projects folder](#).

Assurance Reviews

- 3.4. The status of Major Project Assurance Reviews, undertaken since the previous Major Projects progress report, is shown below:

Project/Programme	RAG status	Status
Fleet Review	Amber	Complete.
St James Quarter	Amber-Green	Complete.
Connected Capital	Amber-Green	Complete.
21 st Century Homes		Underway.
H&SC Integration		Underway.
Recycling Services		Underway.

3.5. Fleet Services are currently in the identifying and defining a programme stage. The team who undertook the review recommend the following:

3.5.1. The Programme adopts the Council's preferred methodology (MSP – Managing Successful Programmes) for Programme Management. The Identifying and Defining a Programme Stages of MSP will formalise and help bring together all the strands of the programme including justification, scope and approach to delivery. If required the CPO can provide support in this area.

3.5.2. Delivery of a clear Governance structure including clarity on reporting lines, roles and identification of dependencies with other initiatives, e.g. depot review, community and accessible transport review etc, and implementing appropriate measures to manage these. Regular Programme Board meeting should be scheduled to strengthen governance arrangements and provide effective direction to the Programme.

3.5.3. Business Case and Programme Definition documents to be prepared that include clear programme scope, justification, options, costs, benefits and approach to delivery of the Programme.

3.5.4. Establish effective risk management. The Programme Manager and Business Change Manager(s) should take the lead role on this.

3.6. An Assurance Review of the St James Quarter was undertaken as the programme has moved from the identification stage and through most of the definition phase of the programme. The review recommended the following:

3.6.1. A dedicated event should be led by the Chief Executive. The purpose of this would be to clarify and refresh roles and responsibilities, clearly articulating to all CEC officers working on the project, the breadth and extent of their remit, the level of risk the organisation is willing to tolerate and the responsibilities of the main partners, i.e. Scottish Government and TIAA Henderson.

3.6.2. Consideration should to be given to the Governance structure going forward into the construction phase. This should include separating the role of the SRO and appointing a Programme Manager to closely monitor

- outputs from agreed obligations, as negotiated in agreements with CEC, to the Developer's programme.
- 3.6.3. Establish effective management understanding of risk and dependencies between the work streams in the event of CEC failure, with collective discussion of the risks and monitoring of the mitigating actions - it would be appropriate for this to be monitored by the appointed Programme Manager.
 - 3.6.4. Review the resources in place for the next stage of the programme as it prepares for and moves into the construction phase, including the appointment of a Programme Manager reporting to the current SRO.
 - 3.6.5. Ensure continued leadership for the programme with an SRO to oversee the Council's responsibilities in the partnership for the life of the programme, including construction and delivery of economic and community benefits.
- 3.7. The Connected Capital review focussed on the programme's Wireless Concession project which has just awarded the concession contract to InTechnology. The review team found good progress being made and the project employing good project management practice. Key recommendations were:
- 3.7.1. Actions from the benefits management strategy to be taken forward during the next phase of the project.
 - 3.7.2. A risk management workshop with the project team should be arranged to flush out all risks around implementation.
 - 3.7.3. Ongoing financial management to be finalised and communicated during project closure.
 - 3.7.4. Discussions regarding contract management arrangements with the board member for ICT Solutions need to be brought to a satisfactory conclusion before transition to business as usual.
 - 3.7.5. Programme Manager to provide clarity to project team on next steps.
 - 3.7.6. Engagement plan to be documented to identify whether there will be sufficient resource to carry out engagement activities.
 - 3.7.7. Establish whether the preferred bidder is willing to start the implementation phase at their risk, in order to increase the likelihood of launching a quality wifi coverage for Phase 1 areas of the city by 15 July 2015 (due to risks around timescales for wayleaves, procurement of lighting columns, listed building consents and Traffic Regulation Orders).
 - 3.7.8. If the bidder is willing to start at their risk, start to develop a joint mobilisation plan for delivery of all implementation phases, incorporating actions from the risk management workshop recommended in 2 above.
- 3.8. The forward schedule of reviews for Q1 and Q2 of 2015/16 is shown in appendix 2. These have been agreed with project/programme managers and SRO's. Further reviews may be included in the period as required.

Current highlights in the major projects portfolio

Early Years

- 3.9. Three Early Years projects have been added to the Major Projects portfolio since the previous update report. These projects will deliver new Early Years provision at Fox Covert and Wardie Primary Schools and replacement/extended provision at Duddingston Primary School.
- 3.10. Each project is being procured via Hub South East Scotland Ltd involving Scott Brownrigg as the architects and Morrison Construction Ltd as the tier 1 contractor.
- 3.11. The Hub stage 1 submission for each of the three projects has previously been approved and confirmed as being deliverable within project budgets. The Hub stage 2 process which involves detailed design and market testing is nearing completion.

Health & Social Care Integration

- 3.12. The draft integration scheme was submitted to the Scottish Government for ministerial approval on 16 March, prior to the 31 Mar 2015 deadline. An earlier draft of the integration scheme submitted to the Scottish Government in January received positive feedback with only minor revisions recommended before final draft submission. Scottish Government has indicated a 12 week approval process which includes laying the order for the establishment of the new body before Parliament. The soonest expected approval/creation of the Edinburgh IJB is late June 2015, whereby it will commence its work in readiness for the delegation of functions and resources.
- 3.13. The national timescale for full operation of all integration of authorities and associated delegation remains unchanged at 1 Apr 2016. A Strategic Business Case for Integration has been prepared and was presented to Finance and Resources Committee on 19 Mar 2015.
- 3.14. The Corporate Programme Office will be conducting a health check of the Programme in April/May 2015 which will include a review of the Strategic Business Case in line with concerns raised at Finance and Resources Committee on 19 March 2015 around delivery of integration. If required, Corporate Programmes will also provide additional project support. Findings of the health check will be reported to the Corporate Management Team (CMT).
- 3.15. The creation of the Integration Authority also requires a comprehensive and three way due diligence process for NHS Lothian, the Council and the new IJB. Council Finance and Internal Audit are currently in discussion with NHSL Finance and Auditors to agree a process. Discussions have also commenced on scoping the dependencies with the Citizen and Neighbourhood project to ensure blueprint and phasing development takes account of the role and statutory requirements of the new Integration Authority. Similar discussions will be

required with the Business and Support service project within the Transformation Programme.

New Recycling and Waste Collection Service

- 3.16. The new recycling and waste collection service is progressing well to deliver to approximately 140,000 households by Sept 2015.
- 3.17. Palm recycling will manage the transition from the existing to the new service and from 1 Nov 2015 the recycling collection service will be brought in house and Palm / FMG staff will TUPE to the Council.
- 3.18. Three of the five phases of transition are now complete with 58,000 households now using the new service. Early indications suggest recycling performance continues to increase month on month, for example, reduction in landfill for phase 1 households from 7.7 to 4.7kgs/HH/Wk and an increase in recycling from 1.9 to 3.6 kgs.
- 3.19. Furthermore participation in the new scheme is averaging 73%, the target participation rate modelled is set at 80%.

ICT Services and Transformation Procurement

- 3.20. Delivery of the procurement activities is progressing towards appointment of a preferred bidder by the end of July 2015 and contract award by the end of Aug 2015 at which point transition activities from the current ICT provider to new provider commence. CMT will be aware that this reduces the original twelve month transition phase down to seven months increasing risk to this phase of the project.
- 3.21. It is worth noting that although it is planned that a significant number of transition activities will be undertaken by the new ICT provider there will be a requirement for a number of change activities to take place during this shortened transition period to ensure no disruption to Council operations or service as a result of new ICT systems and processes.

Additional Consultancy Support

- 3.22. The CPO also provides consultancy and project development support as required. Terms of reference for the work including scope, timescales and any charges are agreed with sponsors in advance.
- 3.23. The CPO is providing project and consultancy support in the following areas:
 - development and management of the Transformation programme;
 - continued resource to deliver the Connected Capital programme;
 - project management support for the establishment of a new Enforcement Service and, legacy closure aspects of Programme Momentum (previously Property Conservation / Shared Repairs);
 - support to the Health and Social Care Integration Scheme;

- specific resource to Organisational Development, Commercial Excellence programmes and Business Intelligence; and
- support for the ICT Procurement project including the competitive dialogue process and bidder evaluation.
- Programme Management support to Edinburgh St James.

Measures of success

- 4.1 A successful project delivers its benefits on time, on budget and to quality standards agreed with its stakeholders. The new reporting arrangements introduced by the CPO seek to ensure transparent and consistent reporting across all major projects by analysing key milestones, benefits, financials, risk and governance processes.

Financial impact

- 5.1 There are no financial implications directly arising from this report. The financial impacts of major projects will also be reported through the revenue and capital monitoring process.

Risk, policy, compliance and governance impact

- 6.1 The process of reporting and senior management oversight of risk within the project portfolio serves to strengthen the control environment and where appropriate prompt mitigating action.

Equalities impact

- 7.1 Equalities impact assessments are carried out within individual major projects and addressed in separate reports to Council or committee. In addition CPO has launched an engagement programme, and established a Programme, Project and Change Management Community within the Council to promote best practice.

Sustainability impact

- 8.1 Each project within the major projects portfolio is responsible for undertaking its own sustainability impact assessment.

Consultation and engagement

- 9.1 Consultation and engagement is carried out within individual projects and is addressed in separate reports to Council or committee.

Background reading / external references

[Governance of Major Projects](#) – Finance and Resource Committee, 15 January 2015

Alastair D Maclean

Director of Corporate Governance

Scott Robertson, Senior Project Manager

E-mail: scott.a.robertson@edinburgh.gov.uk | Tel: 0131 469 6141

Links

Coalition pledges

- P03** - Rebuild Portobello High School and continue progress on all other planned school developments, while providing adequate investment in the fabric of all schools
- P20** - Work with the Scottish Government to deliver a larger return of business rate receipts as part of the Business Rates Incentivisation Scheme (BRIS)
- P23** - Identify unused Council premises to offer on short low-cost lets to small businesses, community groups and other interested parties
- P27** - Seek to work in full partnership with Council staff and their representatives
- P28** - Further strengthen our links with the business community by developing and implementing strategies to promote and protect the economic well being of the city
- P36** - Develop improved partnership working across the Capital and with the voluntary sector to build on the “Total Craigroyston” model
- P41** - Take firm action to resolve issues surrounding the Council’s property services
- P44** - Prioritise keeping our streets clean and attractive
- P47** - Set up a city-wide Transport Forum of experts and citizens to consider our modern transport needs
- P49** - Continue to increase recycling levels across the city and reducing the proportion of waste going to landfill
- P51** - Investigate the possible introduction of low emission zones
- P53** - Encourage the development of Community Energy Co-operatives

Council outcomes

- C01** - Our children have the best start in life, are able to make and sustain relationships and are ready to succeed.
- C02** - Our children and young people are successful learners, confident individuals and responsible citizens making a positive contribution to their communities.
- CO25** – The Council has efficient and effective services that deliver on its objectives.
- CO26** – The Council engages with its stakeholders and works in

partnership to improve services and deliver on agreed objectives

Single Outcome Agreement

All

Appendices

Appendix 1 - Overview of CPO major projects portfolio – October 2014

Appendix 2 - Assurance review schedule Q3/4 2014/15

Appendix 1: Overview of CPO Major Projects - February 2015

Ref	Appendix 1	Overall	Time	Cost	Quality	Benefits	Other
MP2	Connected Capital	<p>BDUK funding has been allocated to a number of projects within this programme including;</p> <ul style="list-style-type: none"> - Voucher scheme – to assist with broadband connectivity charges for SMEs. Uptake of vouchers by SMEs has been lower than forecast but the scheme has been widened to include the Lothians, Fife and Scottish Borders. On 18th March 2015, the Chancellor of the Exchequer announced the voucher scheme would be extended to 31st March 2016 to incorporate 50 cities accessing a challenge fund of £40 million. It has been agreed that the Council will administer the extension of the voucher scheme on behalf of the Lothians, Fife, Scottish Borders, Glasgow, Stirling, Dundee, and Inverness through to 31 March 2016. - Public Building WiFi – delivery of free WiFi access to approx 45 sites. All work within the control of CEC has either been completed or is scheduled to be completed to plan. - Wireless Concession - InTechnology have been approved as the preferred bidder to deliver the concession. Work is due to commence shortly on delivery and a core area of the city centre will have wireless capability delivered by the summer of 2015. 	<p>Overall Programme delivery deadline of March 2015 has now been revised. Some flexibility has been agreed with BDUK that will allow funding availability for wireless concession to be available up to September 2015.</p> <p>There is a dependency on BT Openreach to deliver components of the Public Buildings WiFi and a risk that slippage may occur as a result.</p>	Spend within budget.	Assurance Review completed with focus being on the Wireless Concession project and found that good project management techniques had been employed in delivery of the project to date.	<p>Faster and better broadband connections to SMEs via a voucher scheme contributing towards costs of connection.</p> <p>Wireless coverage in some public places, public buildings and across the Lothian Bus and Edinburgh Trams fleet.</p>	

Appendix 1: Overview of CPO Major Projects - February 2015

Ref	Appendix 1	Overall	Time	Cost	Quality	Benefits	Other
		<p>- Transport WiFi – WiFi deployment across the Edinburgh Tram and Lothian Buses fleet was completed in Dec 2014. Residents and visitors are able to access up to 4G speeds when travelling on these services. By the summer of 2015 the services will also benefit from delivery of a content management solution that will enhance the user experience further by providing infotainment channels to passengers using the on board WiFi.</p>					
MP8	James Gillespie's Campus	Design, Build, Finance and Maintain (DBFM) contract comprising the delivery of the new secondary school. The teaching block was completed to schedule on 3 Apr 2015 and will be ready for occupation by the school at the start of the new school term.	Phase 1 completion will be Easter 2015. Phase 2 completion will be August 2016.	Potential increase in costs relating to submission of change order requests (CORs). A retained project budget contingency should accommodate these.		Coalition Pledge P03 – Rebuild James Gillespie's High School while providing adequate investment in the fabric of all schools.	
MP10	National Housing Trust	<p>NHT Phase 1 complete - delivered 422 new affordable homes across the city. All programmed spend has been drawn down by the four LLPs for each development. The projects are now in housing management phase and as such could be treated as "business as usual".</p> <p>Phase 2: The Council have entered into</p>	On schedule.	Forecast to complete within budget.	November 2014 Assurance Review completed with status of Green.	<p>422 NHT Homes have been completed and are now fully tenanted.</p> <p>Neighbourhood regeneration and creation of</p>	

Appendix 1: Overview of CPO Major Projects - February 2015

Ref	Appendix 1	Overall	Time	Cost	Quality	Benefits	Other
		<p>contracts with FP Newhaven Two Ltd. 96 homes will be completed over 6 phases with completion scheduled for Dec 2016.</p> <p>Phase 3: Finance and Resources Committee on 3 Feb 2015 approved a recommendation to enter into a contract with four bidders. The City of Edinburgh Council on 12 Feb 2015 approved borrowing for this phase. The Council will now enter into a contract to establish four new limited liability partnerships with developers and Scottish Futures Trust to deliver up to 413 affordable homes.</p>				jobs and training opportunities.	
MP11	21st Century Homes	<p>Gracemount: development complete and all properties let. The Programme won the Chartered Institute of Housing Building Successful Communities Excellence in Regeneration Award in Nov 2014 for this development.</p> <p>Greendykes C: development complete and all properties let.</p> <p>West Pilton Crescent: development complete and all properties let.</p> <p>Pennywell – works progressing to schedule. The first properties will become available mid 2015. This project has been shortlisted for the Scottish Property Awards for the best achievement in master planning. Work is on track to submit the Approval of Matters specified by condition (AMC) application to</p>	Programme progress within target timescales.	Within budget		<p>(i) Community Benefits including employment and training opportunities.</p> <p>(ii) Increasing affordable housing supply across the city.</p> <p>(iii) Providing support to the economy and construction industry.</p>	

Appendix 1: Overview of CPO Major Projects - February 2015

Ref	Appendix 1	Overall	Time	Cost	Quality	Benefits	Other
		<p>planning by April 2015 to enable a site start on Phase 2 in spring 2016 as per the target in the development agreement.</p> <p>North Sighthill – Design work instructed to enable an Approval of Matters specified by conditions (AMC) application to be submitted to planning in summer 2015.</p> <p>Leith Fort: Procurement underway and construction anticipated to commence by late 2015.</p>					
MP12	New Boroughmuir High School	<p>The principal contractor, O’Hare & McGovern, have commenced works onsite and piling is underway as part of the sub-structure works.</p> <p>There has been some minor slippage to the plan due to extensive existing concrete slabs below ground level which have delayed the piling operations. The implications of this on the programme are currently being assessed with the contractor.</p> <p>Marketing of the existing school began in late 2014 and a closing date for offers was set for the end of Feb 2015. Offers received are now being assessed by Corporate Property Estate Services.</p>	<p>There has been some minor slippage to plan due to extensive existing concrete slabs below ground level which have delayed the piling operations.</p>	<p>Possible claim under consideration against the contractor who undertook the demolition works at the time of site acquisition, due to the presence of asbestos fibres at three identified “hot spots”. This work did not form part of the main contract for construction of the new school.</p> <p>The total change order requests (CORs) remain at 20 and represents the</p>		<p>Aligns with Council Outcomes – C01, C02, and SO3.</p>	

Appendix 1: Overview of CPO Major Projects - February 2015

Ref	Appendix 1	Overall	Time	Cost	Quality	Benefits	Other
				collective output of a client design review undertaken during the tender period. If changes approved the total costs would be contained from the client contingency in the project budget.			
MP13	New Portobello High School	<p>Balfour Beatty took formal possession of the site on 13 October 2014.</p> <p>Works were delayed by three weeks due to weather and design issues however reprogramming and phasing have maintained positive progress. It is anticipated the slippage will be recovered within the overall project duration. The substructure and drainage works are well underway and critically the first phase of structural steel has commenced. The car park is now complete to base course level and will be used for the main site accommodation.</p> <p>At its meeting on 11 December 2014 Council approved that the new St John's RC Primary School should be built on (part of) the adjacent site of the existing Portobello High School. In order to facilitate the delivery of the new primary school at the earliest opportunity there will be two key implications for the project to deliver a new Portobello High School:</p>	<p>The contract programme has a completion date of May 2016 which will allow the planned opening of the new school in August 2016 for the start of the 2016/17 school year.</p> <p>Consideration being given to the decant date from the old school, and the opportunity to progress before school summer holidays 2016.</p>	<p>The school being sited on Portobello Park has allowed £3.5m of contingency to be released. A further £3.7m contingency retained in the C&F Capital Investment Programme can be released, as two key risks no longer remain: funding deficit if the new school was built on a phased basis on the existing site, and the need to build St John's RC Primary on a different site. The total savings of £7.2m</p>		Aligns with Council Pledge P03, Council Outcome C01 and C02 and Single Outcome Agreement	

Appendix 1: Overview of CPO Major Projects - February 2015

Ref	Appendix 1	Overall	Time	Cost	Quality	Benefits	Other
		<p>(i) The contract for the demolition of the existing Portobello High School will be combined with that for the construction of the new St John's RC Primary School to allow construction works to be started in tandem with the demolition works as the entire site would be under the responsibility of a single contractor. The cost of demolition would still be met from the Portobello High School</p> <p>(ii) The decant from the old school will be before the school holidays in summer 2016. Obviously this would be dependent on the new school being completed by then however there would be several advantages with this timing; it would allow those existing pupils who would leave at the end of 2015/16 school year an opportunity to experience the new school and would also allow an early start to the project to deliver a new St John's RC Primary School.</p>		<p>have been earmarked as part of the Council funding package which would be required for the potential replacement of Queensferry High School as explained in the report to Council on 25 September 2014.</p> <p>http://www.edinburg.gov.uk/download/meetings/id/44665/item_no_85_-_queensferry_high_school</p>			
MP14	Niddrie Burn restoration	<p>The Niddrie Burn River Restoration (NBRR) was initially developed by Scottish Enterprise and they obtained planning consent in 2009. The project was then passed to the Council to progress in conjunction with Public Transport Link.</p> <p>Finance and Resources Committee on 16 Mar 2010 agreed to delivery of Phase 1 of the</p>	<p>Project completed eight months behind original schedule due to adverse weather events during construction and increase in scope of work and design change.</p>	<p>The majority of Section 75 payments have now been recovered for Phase 1.</p>	<p>There is a legally binding agreement for the Council to provide bridge abutments to allow access to a future development to the south of the burn and these are yet to be constructed and discussions regarding this are ongoing with the developer.</p>	<p>Re-alignment of burn and flood alleviation allows sick kids hospital to be re-located.</p> <p>Development of housing</p>	

Appendix 1: Overview of CPO Major Projects - February 2015

Ref	Appendix 1	Overall	Time	Cost	Quality	Benefits	Other
		<p>project and subsequently approved the award of the contract to Carillion Civil Engineering Construction Ltd for Phase 1 on the 29 Mar 2011. It was also highlighted at this time that there were insufficient funds to complete all the work highlighted in the planning consent.</p> <p>Any progression of a Phase 2 would require further consideration and approval from Council. Funding for a future phase is not currently part of the approved Capital Investment Programme.</p> <p>Carillion have lodged claims totalling £4.4M (which may reduce to £2.9M). These claims have been rejected and the Council is awaiting Carillion's proposals regarding ongoing discussions to settle the claim.</p>				Further economic growth of BioQuarter.	
MP19	<p>Water of Leith, Flood Prevention Scheme</p> <p>Phase 1</p>	<p>The Water of Leith Flood Prevention Scheme – Phase 1 as approved by the Council in Nov 2009 comprises flood defences at Bonnington, St Mark's Park, Warriston, Stockbridge Colonies and Veitch's Square.</p> <p>Construction is complete and a certificate of completion was issued on 23 May 2014. Also 50% of the retention has been released to the primary contractor, Lagan.</p> <p>Landscaping works are near completion. The only outstanding area of landscaping is at Hugh Millar Place and this is to be reviewed now the residents' comments have been received.</p>		<p>£623k has been transferred from Phase 1 budget to Phase 2. Oversight Group agreed to transfer another £480k from Phase 1 to Phase 2. This reduction can be accommodated in the Phase 1 budget.</p>	<p>Claims for third party damages and compensation continue to be considered and settled. Further claims are anticipated that may result in much of the contingency associated with third party compensation being used.</p>	<p>Protect 1,610 residential and commercial properties from flooding.</p> <p>Reduce dependency on emergency temporary flood defences.</p>	

Appendix 1: Overview of CPO Major Projects - February 2015

Ref	Appendix 1	Overall	Time	Cost	Quality	Benefits	Other
MP29	<p>Water of Leith, Flood Prevention Scheme</p> <p>Phase 2</p>	<p>Tenders for the main works contract were issued on 20 Mar 2015 with bids to be returned by May and a contract will be awarded in November 2015.</p> <p>Negotiations with the SRU are reaching a conclusion and it is likely a recommendation will be brought to Finance and Resources Committee in May 2015 regarding the outcome of these negotiations.</p> <p>A recommendation regarding the Scottish Gas networks diversion will also be provided to Committee in May.</p>	<p>Programme progress is within target timescales.</p>	<p>Council approved the funding at the end of September 2014 based on a reallocation of funding within the SFC Capital Investment Programme.</p>	<p>Assurance Reviews have been included in the programme plan at scheme definition (Sept 2014) and prior to award of contract (Nov 2015). The first of these is now complete and assessed the project as being Amber-Green (delivery probable).</p> <p>Ongoing stakeholder engagement activities have raised no significant issues.</p>	<p>Protect 492 residential & commercial properties.</p> <p>Reduce dependency on temporary flood defences.</p> <p>Provide enhanced access to the riverside.</p> <p>Improve quality of life for residents affected by flooding.</p>	
MP22	<p>Zero Waste: Edinburgh and Midlothian</p>	<p>The food waste transition project is making good progress and the supplier awarded the contract to build and operate the food waste treatment facility, Alauna Renewable Energy (ARE) remain confident that the service commencement date of 31 Dec 2015 remains achievable.</p> <p>Provision of access road, bridge and utilities directly by the Councils remains within programme tolerances. Delivery of access road, bridge and utilities remains within</p>	<p>The food waste transition project remain confident that service commencement date of 31 Dec 2015 will be met and that the other dependencies, e.g. access road, utilities and bridge work remain within the programme tolerances.</p> <p>The residual waste</p>	<p>Current forecast indicates project will come in or below budget. However the capital budget is seeing some pressures which will need to be managed as construction progresses.</p> <p>Finance and</p>	<p>An assurance review undertaken in December 2014 assessed the programme as Amber- Green (delivery probable).</p>	<p>Dedicated food waste treatment facilities.</p> <p>Deliver a step change in diversion of waste from landfill.</p> <p>Affordable residual and</p>	

Appendix 1: Overview of CPO Major Projects - February 2015

Ref	Appendix 1	Overall	Time	Cost	Quality	Benefits	Other
		<p>programme tolerances.</p> <p>FCC Medio Ambiente SA (FCC) were announced as the preferred bidder for the residual waste treatment contract in December 2014. The joint zero waste partners aim to sign the 25 year contract in 2015, with FCC operating on site by 2018.</p> <p>FCC have been heavily engaged in pre-planning application activities and lodged a planning application with Midlothian Council in March 2015. Provided the application is successful, there should be sufficient time to reach contract close while the final tender price is held.</p>	project remains within target timescales.	Resources Committee on 27 Nov 2014 were made aware that by entering into the residual waste treatment contract the Council will be liable for legacy payments of up to £10.3M under the existing landfill contract until 2020.		food waste treatment contract.	
MP24	Leith Programme	<p>Phase 1 (Constitution street) – Complete.</p> <p>Phase 2 (Leith Walk–Crown Place to Pilrig Street) – Complete with exception of minor issues. Outturn costs expected to be within budget. Hearing into objections to TRO for two localised areas made to T&E Committee on 13 Jan 2015 and recommendations approved. TRO now in force.</p> <p>Phase 3 (Foot of the Walk Junction) – Construction commenced 16 Feb 2015. A report on objections to taxi stance, doctor's parking bay and city car club bay at Casselbank Street was tabled at T&E Committee in January and presented to the Regulatory Committee on 2 Feb 2015 and recommendations approved. Liaison with private developer refurbishing</p>	Delivery of Phase 4 is no longer possible within timescales originally communicated to stakeholders due to dependencies with other initiatives outwith the scope and control of the Leith Programme.	There is currently a projected funding shortfall. However work is underway to review contingency funding and it is anticipated to close the shortfall gap significantly.	Work on interface between Leith Programme, major development proposal at Picardy Place and a possible future tram extension on Leith Walk are ongoing.	<p>Increase in cyclists using Leith Walk.</p> <p>Improved cycle pedestrian & businesses env.</p> <p>Increased levels of satisfaction within the local Community.</p> <p>Fewer claims/ complaints-trips & potholes.</p> <p>Uptake of local</p>	

Appendix 1: Overview of CPO Major Projects - February 2015

Ref	Appendix 1	Overall	Time	Cost	Quality	Benefits	Other
		<p>Newkirkgate shopping centre to ensure proposals are complimentary are ongoing.</p> <p>Phase 4 (Leith Walk – Pilrig Street to McDonald Road). Several concept options for new “tram proofed” design developed and presented to Elected Members Oversight group. A preferred option has been identified and currently being developed to a level that will allow TRO/RSO procedures to commence (subject to approval of the Tram Extension Business Case). Construction expected to commence in early 2016.</p>				<p>tables/chairs b’sness licenses</p> <p>Enforcement of parking/loading restrictions.</p>	
MP25	Forth Replacement Crossing	<p>Transport Scotland (TS) are the lead agency for the construction of the bridge and the act sets out the process for the transfer of some enabling road and property assets to the Council as the local authority and Roads authority</p> <p>Construction of the U221 road is now complete. All side roads will be completed before the road comes under CEC management at which the 5 year defect liability period will commence.</p> <p>Realignment of the A904 has been delayed due to weather conditions but the road construction is now complete and open to traffic. Soft landscaping will continue through Spring 2015.</p> <p>B800 bridge construction works are programmed to be complete in late April 2015</p>	<p>As TS is the lead agency, CEC has no influence on delivery timescales. However it is reported that the project is scheduled to be delivered early.</p>	<p>As TS is the lead agency no budget information reported.</p>	<p>Work in progress with Transport Scotland to define adoption extents; clarify handover and quality assurance processes.</p>		

Appendix 1: Overview of CPO Major Projects - February 2015

Ref	Appendix 1	Overall	Time	Cost	Quality	Benefits	Other
		allowing the temporary transfer of traffic to facilitate the construction of the realigned road whilst maintaining two way traffic. Utility diversions are now complete.					
MP28	H&SC Integration	<p>The draft scheme was submitted to the Scottish Government in late Jan 2015 for informal comment on the content. Feedback was positive with only minor points requiring revision. Which were agreed at the Chief Officer Oversight Group on 26 Jan 2015.</p> <p>Formal consultation took place between the 20th Jan and 23rd Feb 2015. 23 responses were received, 11 from organisations and 12 from individuals. The Chief Officer Oversight Group considered the responses material to the content of the scheme and agreed amendments.</p> <p>The draft integration scheme was revised in conjunction with NHS Lothian, and submitted to NHS Lothian Board and City of Edinburgh Council for consideration and approval at the Board meeting on 4 Mar 2015 and Council on 12 Mar 2015.</p> <p>The strategic business case for the scheme is complete and was submitted to Finance and Resources Committee on 19 Mar 2015.</p>	<p>The draft integration scheme was submitted to the Scottish Government ahead of the 31 Mar 2015 deadline.</p> <p>All integration authorities and associated delegation must be in place by 1 April 2016.</p>	<p>In May, the Scottish Government allocated £615,000 transition funding to the Edinburgh City Partnership. However overall financial implications yet to be established.</p> <p>Due diligence has commenced with Internal Audit.</p>	<p>A project health check will be undertaken in April 2015. Within scope will be a review of the Strategic Business Case and deliverability of the scheme by 1st April 2016.</p> <p>A process of due diligence is currently in preparation with NHS Lothian.</p>	<p>High level benefits identified through options analysis work and business case.</p> <p>Detailed benefits to be developed in line with the statutory strategic plan, baseline performance framework, national outcomes and SQAs, and service workstreams on improving outcomes for people.</p>	
MP30	Recycling	The new Recycling and Waste Collection Service is being rolled out to approximately	Phase 1: September 2014: 20K households	New bins procured within agreed budget.	Metrics being collated to	Initial data	

Appendix 1: Overview of CPO Major Projects - February 2015

Ref	Appendix 1	Overall	Time	Cost	Quality	Benefits	Other
	Service Project	<p>140 000 households between September 2014 and September 2015.</p> <p>Palm Recycling will manage the transition period (September 2014 – November 2015) from the existing to the new service. From 1st November 2015 the recycling collection service will be brought in house and Palm/ FMG staff will TUPE to City of Edinburgh Council.</p>	<p>(COMPLETE) Phase 2: November 2014: 20K households (COMPLETE) Phase 3: March 2015: 20K households (NEARING COMPLETION) Phase 4: June 2015; 40K households. (UNDERWAY) Phase 5: September 2015: 40K households</p>		<p>measure changes to recycling of waste with encouraging early indicators.</p>	<p>indicates recycling yields are 90% higher than when residents were using red and blue boxes.</p> <p>Landfill waste, early indications are that the landfill tonnages reducing by 30% since the start of the service.</p>	
MP31	Fleet Review	<p>The fleet review programme scope is to be clearly defined but a large component of the programme is designed to deliver cost savings from 2014/15 onwards through modernisation of the Councils fleet of vehicles.</p> <p>Procurement – civic vehicles and first tranche of cars procured and scheduled to arrive on site in April 2015. Work has commenced on replacement of refuse collection vehicles. Work has concluded on the procurement of a new unescorted passenger journey contract on behalf of Council services.</p> <p>In recent weeks work has commenced on the scoping of the wider fleet review, with</p>	<p>Current project plan includes large number of concurrent procurements for different vehicle types – project team to be resourced to support this level of activity.</p> <p>Once the scope is agreed a revised programme plan will be prepared.</p>	<p>Work ongoing with service departments to ensure full transparency on costs and charges to enable well informed management decisions on fleet requirements. Work underway with Finance to determine a fit for purpose accounting structure to support this development. Fleet services are in the</p>	<p>Assurance review of the programme has been completed and rated the programme as amber overall.</p> <p>The review team recommended that a Business Case for the programme is developed and agreed that includes a clear definition of the programmes scope, options, vision and benefits</p>	<p>Delivery of £1.3M benefits.</p> <p>Reduction in number of vehicles and carbon footprint.</p> <p>Improved service delivery from more reliable fleet with manufacturer's warranty of</p>	

Appendix 1: Overview of CPO Major Projects - February 2015

Ref	Appendix 1	Overall	Time	Cost	Quality	Benefits	Other
		involvement from the Transformation Programme and Commercial Excellence. A programme scope will be presented to SFC SMT and CMT in the near future to seek approval to commence work on delivery of the activities within scope.		process of being de-badged as a Significant Trading Organisation (STO) and it is anticipated that the new streamlined structure will reduce the levels of administration associated with STO operations including internal recharging procedures.		four and five years.	
MP32	Programme Momentum (previously Property Conservation / Shared Repairs)	All unbilled cases have been reviewed, as have the originally identified complex complaint cases. The new settlement process has commenced and offer letters are being issued to affected owners. Billing continues and has now exceeded £10.7M with £5.1M recovered. Morton Fraser has been appointed to pursue aged debt. Implementation activities associated with the new service have commenced.	Programme is currently progressing to schedule and key risks and issues are being managed via the programme office and board.	Resourcing remains a key risk to the implementation and operation of the new service.	Metrics to be provided (i) detailing progress with recovery of outstanding debt and WIP, and (ii) resolution of complaints and deferred cases.	Reduce outstanding debt and billing of completed work. Delivery of a sustainable and transparent service.	
MP33	Edinburgh St James	The Edinburgh St James programme is a partnership being delivered by the City of Edinburgh Council, Scottish Government and the developer TIAA Henderson. The programme aims to redevelop the St James Quarter of the city at the east end of Princes Street. The development end value will be ~£850M and work is due to be undertaken	Date for commencement of CPO public enquiry has now been agreed and is later than expected. The implications of this on the programme are currently being assessed	Contractual arrangements have been structured to minimise financial risk to CEC.	Agreements in development with the Scottish Government and TIAA Henderson that will take cognisance of quality. A Programme Manager has been assigned to support the	Redevelopment of an area at east end of Princes Street creating 42,500m2 of high-quality retail space,	

Appendix 1: Overview of CPO Major Projects - February 2015

Ref	Appendix 1	Overall	Time	Cost	Quality	Benefits	Other	
		<p>between 2015 and 2020</p> <p>Compulsory Purchase Order (CPO) has now been achieved. The Scottish Government gave notice on 12 Mar 2015 that a Public Inquiry would be held and a pre inquiry meeting would be held on 31 Mar 2015. A reporter has been appointed by the Scottish Government to conduct the inquiry and submit a report to Scottish Ministers.</p>				<p>SRO and closely monitor outputs from agreed obligations, as negotiated in agreements between the Council and other parties.</p>	<p>deliver 2,300m2 of grade A office space, a 210-bedroom five-star hotel, a 152-bedroom four-star hotel, a 55-bedroom apart-hotel, a theatre, restaurants and 138 residential units.</p>	
MP34	ICT Re-procurement	<p>Procurement activities to appoint a new ICT provider are now in the Invite to Submit a Refined Solution (ISRS) stage.</p> <p>This stage will be followed by an invite to submit final tenders by mid June 2015 and appointment of preferred bidder at the end of July 2015 allowing seven months for transition activities.</p>	<p>Transition to a new ICT provider by 1st April 2016. Key dates are detailed below;</p> <p>(i) Final tenders received (Stage 4 – ISFT) – 15.06.15</p> <p>(ii) Appointment of preferred bidder – 31.07.15</p> <p>(iii) Contract award – 24.08.15</p> <p>(iv) transition commences – w/c 24.08.15</p>	<p>Project delivery budget shortfall identified. This is being managed by the sponsor and lead and there is confidence that this will come in on target. Once funding of this shortfall can be demonstrated then the status will move to Green.</p>	<p>ISRS Invite to deliver a refined solution will enable the project to build in quality aspects that were lacking in some requirements specifications earlier in the process.</p>	<p>£6m saving on target against £26.2m core spend</p> <p>The project will further develop their approach delivering these savings.</p>	<p>Careful management of transition to new ICT provider is essential. The transition period has reduced from an original 12 month to a 7 month period.</p>	
MP35	Early Years	<p>These are three distinct and separate projects.</p>	<p>All projects within</p>	<p>All projects are</p>		<p>Delivery will</p>		

Appendix 1: Overview of CPO Major Projects - February 2015

Ref	Appendix 1	Overall	Time	Cost	Quality	Benefits	Other
	Projects	<p>The project at Fox Covert Primary School will deliver a new detached 70/70 nursery building and external play space.</p> <p>The project at Duddingston Primary School will demolish the existing nursery building and deliver a replacement and extended 60/60 nursery building and associated external play space.</p> <p>The project at Wardie Primary School will deliver a new detached 40/40 nursery building and associated play space.</p> <p>Procurement for each of these projects is being undertaken via Hub South East Scotland (Hub) involving Scott Brownrigg as the architects and Morrison Construction Ltd as the tier 1 contractor. Hub Stage 1 has been completed. Hub Stage 2 process which involves detailed design and market testing is near completion.</p>	programme are progressing to plan for completion in August 2015.	forecasting spend within budget.		support the following Council outcomes CO1 and CO2 and Single Outcome Agreement SO3.	

Appendix 2: Assurance Review Schedule Q1/2 2015/16

Ref	CPO Portfolio	Project/Programme	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	
MP1	Major Projects	Connected Capital						Close Review	
MP2	Major Projects	EICC			Close Review				
MP3	Major Projects	iPFM					Post-project review		
MP4	Major Projects	James Gillespies Campus	Externally led - next CPO review July 2016 at completion. This will be a close review.						
MP7	Major Projects	New Boroughmuir High	Externally led - next CPO review July 2016 at completion. This will be a close review.						
MP8	Major Projects	New Portobello High School	Externally led - next CPO review July 2016 at completion. This will be a close review.						
MP9	Major Projects	Niddrie Burn Restoration						Close Review	
MP11	Major Projects	Water of Leith, Flood Prevention Scheme - Phase 1		Close Review					
MP12	Major Projects	Water of Leith, Flood Prevention Scheme - Phase 2			Assurance Review				
MP13	Major Projects	Zero Waste: Edinburgh and Midlothian						Assurance Review	
MP14	Major Projects	Leith Programme					Assurance Review		
MP16	Major Projects	H&SC Integration	Healthcheck		Assurance Review				
MP18	Major Projects	Recycling Service Project	Assurance Review						
MP20	Major Projects	Programme Momentum		Assurance Review					
MP22	Major Projects	ICT Reprocurement			Assurance Review				

Finance and Resources Committee

2.00pm, Wednesday 13 May 2015

Contracts Awarded Under Delegated Authority (Waiver Reports) and Procurement Activity

Item number	7.9
Report number	
Executive/routine	
Wards	All

Executive summary

The City of Edinburgh Council has awarded a total of £22.9m of contracts to a variety of supplier organisations from 1 December 2014 to 28 February 2015, with the annual value of live contracts operating during this period totalling £509.7m. During the same period contracts worth £0.6m have been granted under delegated authority through the Waiver of Standing Orders, as permitted in Section 9 of the Contract Standing Orders. This report updates the Committee in relation to contracts awarded under such delegated authority. This is in addition to those waivers that have been reported to Committee over the period.

Additionally, contracts under the Committee approval thresholds to the value of £1.5m have been awarded in the period from 1 December 2014 to 28 February 2015. This report updates Committee in relation to contracts awarded under such approval thresholds.

It is recommended that the Committee notes the contents of this report.

Links

Coalition pledges	P30
Council outcomes	CO25
Single Outcome Agreement	

Contracts Awarded Under Delegated Authority (Waiver Reports) and Procurement Activity

Recommendations

- 1.1 It is recommended that the Committee notes the contents of this report and the authorisations made under delegated authority.

Background

- 2.1 The City of Edinburgh Council has awarded a total of £22.9m of contracts to a variety of supplier organisations in the period from 1 December 2014 to 28 February 2015.
- 2.2 During that period a number of contracts have been awarded under delegated authority through the Waiver of Standing Orders, as permitted in Section 9 of the Contract Standing Orders.

Main report

- 3.1 Contract Standing Orders may be waived in certain specified circumstances as set out below.

Waiver of Standing Order Process

- 3.2 Contract Standing Orders can currently be waived by the relevant officer providing a written waiver Report which outlines the justification of the waiver under the following delegated authority limits (Table 1). Copies of all waivers are held by the relevant Service and also with Commercial and Procurement.

Table 1 Waiver Delegated Authority Limits

Contract Value	Delegated Authority
Less than £25,000	Relevant Head of Service and Commercial and Procurement Manager
More than £25,000 and less than £250,000	Relevant Director and Director of Corporate Governance
More than £250,000	Relevant Director, Director of Corporate Governance and relevant Committee Convener. (In respect of contracts required in extreme urgency or in the best interests of the Council)

3.3 Prior to 5 February 2015, justification for the waiver of Contract Standing Orders was allowed for the following reasons:

- Nature of the proposed works, goods or services justifying direct award
- Extreme urgency not foreseen
- Legislative exemptions
- In the Council's best interests
- Genuinely exceptional circumstances

To ensure clarity, the updated Contract Standing Orders presented to Council on 5 February 2015 rationalised these categorisations to the following:

- **Legislative exemptions** (including technical or artistic reasons, extreme urgency and genuinely exceptional circumstances) where the departure from standing orders is wholly justified in accordance with EU law and principles.
- **In the Council's best interests** where, on a risk-assessed basis, the departure from standing orders can be justified (e.g. to extend an existing arrangement to allow it to be combined as part of a larger procurement exercise).

Appendix 1 includes a breakdown by value in the relevant categorisation. The Council approved these revisions to the Contract Standing Orders on 5 February 2015.

3.4 Irrespective of the justification, each waiver is looked at on its own merits and is only approved if justifiable given the circumstances. However, as highlighted to Committee previously, there is likely to be a continuing need to use this process, especially during this period of transition and improvement in compliance in relation to commercial and procurement activity. The overall objective is to significantly reduce the use of waivers.

3.5 A summary of contracts awarded under the waiver arrangements for the period 1 December 2014 to 28 February 2015 is provided in Table 2 below, set alongside the total annual value of live contracts in operation over the same period. Further information on these waivers is detailed under Appendix 1.

Table 2 Contracts awarded under the waiver of Standing Orders
(1 December 2014 to 28 February 2015)

Directorate	Total Waiver Value* (£m) 1 Dec 2014 – 28 Feb 2015	Annual value of live contracts** in the period 1 Dec 2014 – 28 Feb 2015
Children & Families	£0.01m	£89.9m
Corporate Governance	£0.07m	£21.6m
Health & Social Care	£0.05m	£153.7m
Services for Communities	£0.17m	£157.0m
Economic Development	£0.10m	£2.2m
Cross-Directorate	£0.17m	£85.3m
	£0.57m	£509.7m

* Excludes waivers which have been reported previously to committee

** Excludes contracts below a threshold of £25,000 annual value

3.6 Given their de minimis value, waivers under £5,000 have not been included in this table. There are a total of 19 waivers awarded with a value of less than £5,000 which account for £57,910 in total.

3.7 The figures shown in Table 2 and Appendix 1 reflect the total financial value requested to be waived for the contracts in question. In a number of cases the actual spend will be less than this value.

3.8 Commercial and Procurement Services will continue to monitor and challenge submitted waivers and ensure continuing compliance with the Contract Standing Orders. As agreed with the Committee, reporting frequency will now be increased to quarterly reporting.

Contract Standing Order Approval Thresholds

3.9 The Contract Standing Orders state that contracts in excess of £1m for supplies and services and £1.5m for works require approval from the Committee before award.

3.10 Contracts under the Committee thresholds to the value of £1.5m have been awarded in the period 1 December 2014 to 28 February 2015.

3.11 For visibility, details of contracts awarded under the Committee approval thresholds for the period December 2014 to 28 February 2015 are detailed

under Appendix 2. Given their de minimis value, contracts under the value of £25,000 have not been listed in the Appendix.

Measures of success

- 4.1 By continuing to scrutinise and document all instances where it has been requested that the Council's Contract Standing Orders be waived, this evidences strong authorisation and internal control processes within the City of Edinburgh Council.

Financial impact

- 5.1 There are no financial impacts directly arising as a result of this report. Contracts awarded or extended under delegated authority create a legally binding contract for and on behalf of the City of Edinburgh Council which is bound and liable for any conditions under such contracts.

Risk, policy, compliance and governance impact

- 6.1 A waiver denotes a departure from the Council's Contract Standing Orders (which in part reflect the Council's legal obligations). There may be an increased risk if the Council has departed from EU requirements. However, each waiver is scrutinised on its own merits in this context, and is only approved if justifiable given the circumstances or permitted in accordance with EU obligations. This report outlines all waivers approved from 1 December 2014 to 28 February 2015, and all contracts awarded with a value over £25,000 and under the required committee approval thresholds in the same period, enhancing the Council's measures of transparency.

Equalities impact

- 7.1 There are no equalities impacts directly arising as a result of this report.

Sustainability impact

- 8.1 There are no sustainability impacts directly arising as a result of this report.

Consultation and engagement

- 9.1 The Council's Contract Standing Orders outline the appropriate measures of consultation and approval that must be sought from officers or committee for each waiver, dependent on the expected value (as set out at Table 1).

- 9.2 Following extensive consultation with service areas, revised Contract Standing Orders were approved by the Council on 5 February 2015.
- 9.3 The revised waiver process and supporting documentation were launched in February 2015 to accompany the revised Council Standing Orders.

Background reading/external references

[Finance and Resources - Thursday 15 January 2015 \(item 714\) - Contracts awarded under Delegated Authority \(waiver reports\) and Procurement activity](#)

[Review of Contract Standing Orders and Guidance on Consultants February 2015](#)

Alastair D Maclean

Director of Corporate Governance

Contact: Nick Smith, Commercial & Procurement Manager

E-mail: nick.smith@edinburgh.gov.uk | Tel: 0131 529 4377

Links

Coalition pledges	P30: Continue to maintain a sound financial position including long term financial planning
Council outcomes	CO25: The Council has efficient and effective services that deliver objectives
Single Outcome Agreement	
Appendices	Appendix 1 – Contracts awarded under waiver of CSOs Appendix 2 – Contract Awards under Committee Thresholds

Appendix 1 – Contracts awarded under the Waiver of Contract Standing Orders

The following relate to the period 1 December 2014 to 28 February 2015.

Details of Waivers by Justification (using new justification from revised Contract Standing Orders approved by the Council in February 2015):

Paragraph	Description of Justification	Amount
9.1.1	Legislative exemption	18
9.1.2	In the Council's best interests	10
		28

Details of Waivers by Directorate

The following relate to the period 1 December 2014 to 28 February 2015.

Directorate	Children & Families	
Supplier/product or service	Justification for waiver	Value
Cavendish Communications Projects Limited	In the Council's best interests. Extension of existing contract for one year to allow for continuity of a pilot enabling online payments to schools pending the outcome of work around the national framework agreement whilst allowing for formal approval of any specific recommendations.	£10,000
		£10,000

Directorate	Services for Communities	
Supplier/product or service	Justification for waiver	Value
The Restorient Studio	Legislative exemption. Continuing conservation work on Moromasa Scroll. The scroll is of national importance and there are no known conservationists of this type in the UK.	£15,431
W F Howes	Legislative exemption. W F Howes, as publisher, is the single source of this proprietary material to provide online e-magazine information services for city libraries.	£12,277
Vysionics	Legislative exemption. Single source supplier for core system 'code' and software system support to ensure continued support for CEC's Automatic Number Plate recognition (APNR) custom hardware and software.	£17,805
CA Traffic	Legislative exemption. Upgrade of Council's current cycle counters with GPRS. CA Traffic is the sole supplier and continuation with them will ensure validation of the current warranties.	£13,716
SPRUCE System Support	Legislative exemption. Single source supplier for core system 'code' and software system support to maintain essential services to traffic signals allowing priority to trams. The SPRUCE system is	£22,000

	used by a number of authorities across the UK.	
Mayfly Containers Ltd	Legislative exemption. A supply of replacement hinges is required to allow full refurbishment of 50 waste transfer containers. The door hinges are not a standard product and are not available from other suppliers.	£13,000
BRE	In the Council's best interests. BRE's appointment as an expert witness in an Employment Tribunal is a case of delectus personae and they are engaged as the Council's preferred expert witness.	£8,200
Nivensknowe Kennels	In the Council's best interests. Care of pets for those who have become homeless. A strategic review of the provision will be undertaken.	£60,000
Peter Cox	In the Council's best interests. Upon lease expiry it was discovered that comprehensive damp proofing works were required in addition to warranty repairs at this Dalry Road property. The original specialist contractor was instructed to carry out all required works in order to protect existing warranty arrangements, minimise disruption and prevent further damage.	£7,000
		£169,429

Directorate	Corporate Governance	
Supplier/product or service	Justification for waiver	Value
Napier University	Legislative exemption. Napier University has a specialist capability and capacity to deliver research related to Physical Activity within an Edinburgh context. Other institutions in the city do not possess the capability or capacity at present to carry out this work.	£12,500
Institute of Management Studies (IMS)	Legislative exemption. IMS provide high calibre speakers to Edinburgh to share valuable insight and knowledge on current Management thinking. This will enable CEC to maintain a consistent high quality offering for the Talent Plan participants.	£6,080
Lockheed Martin Business Technology Solutions Limited	In the Council's best interests. A contract extension is required to sustain the development of the Cognos BI data repository and the delivery of Management Information dashboards to service areas.	£28,600
Run2See software application for mapping	Legislative exemption. The Run2See product is a unique and innovative product to attract runners and enhance their experience in the city.	£13,420
Toptix (UK) Ltd	Legislative exemption. The Usher Hall's ticketing system is fully hosted by the system supplier and the renewal is now due.	£7,200
		£67,800

Directorate	Economic Development	
Supplier/product or service	Justification for waiver	Value
Financial Times	Legislative exemption. On behalf of the Scottish Cities Alliance. Undertaking a programme of promotional activity to highlight city investment priorities to the international and national investor/development audience.	£10,000
In-Flight Advertising Ltd	Legislative exemption. Targeted advertising forms part of the Council's international route development marketing to support new routes into Edinburgh and to encourage new investors to the city. This advertising will reach a potential readership of over 22 million people.	£16,546
The University of Edinburgh	Legislative exemption. Analysis of employability client records to provide a detailed report on what actions and service inventions are helping to address poverty through employment to bring about income maximisation into households. The funding was secured from the Scottish Government and stipulated that the University of Edinburgh should be the supplier.	£11,700
Etihad Airways	In the Council's best interests. Targeted advertising forms part of the Council's international route development marketing to support new routes into Edinburgh and to encourage new investors to the city.	£20,000
Questex LLC	In the Council's best interests. In preparation for the IHIF Berlin and targeted at the audience, this was used to promote the Edinburgh Hotel prospectus.	£5,187
Resolve Creative	In the Council's best interests. Production of an updated version of the Hotel Development Prospectus in digital and interactive format.	£8,642
Cities Today - Publishing for Development	Legislative exemption. The advertising package is bespoke and tailored to reach the specific international target audience of urban decision makers to promote Edinburgh internationally.	£7,000
Rewards for Training	Legislative exemption. Fees for Administration and Customer Services training for Modern Apprentices is provided by Rewards for Training.	£19,000
		£98,075

Directorate	Health & Social Care	
Supplier/product or service	Justification for waiver	Value
Later Life Training	Legislative exemption. Sole supplier of two exercise based rehabilitation programmes called Otago and Sit Tall, Stand Strong.	£5,412
Total Hygiene	Legislative exemption. Essential supply and maintenance of electronic bidet toilets; contract extension until tender process is completed	£20,000
David Mandel Associates LLC	Legislative exemption. Jointly funded (CEC, Police Scotland & NHS Lothian) domestic abuse training agreed by the Edinburgh Child Protection Committee and the Chief Officers' Group – Child Protection. This is the bespoke 'safe and Together' model of training agreed by Chief Officers.	£10,000
Experian Ltd	In the Council's best interests. License to continue to use software system for Community Equipment Services (CES) for records, stock and asset management. Legal has recommended this route.	£12,622
		£48,034

Directorate	Cross Directorate	
Supplier/product or service	Justification for waiver	Value
Sibcas	In the Council's best interests. Installation of nursery temporary unit for Leith Primary School. There are two main providers and Sibcas has a design developed following a Falkirk Council procurement which meets Care Commission standards, and can be installed by January 2015 with minimum delays. The alternative supplier has no 'off the shelf' unit.	£165,475
		£165,475

Appendix 2 – Contracts awarded with a value over £25,000 and under the Committee approval thresholds of the Contract Standing Orders

The following reports relate to the period 1 December 2014 to 28 February 2015.

Directorate		Corporate Governance	
Date	Supplier	Contract Description	Value
15/01/2015	Scott and Company	Provision of Sheriff Officer and Debt Collection Services	£89,260
12/12/2014	The Union Advertising Agency Ltd	Mini-Comp for marketing services to advise, prepare and provide a Channel Shift Marketing Strategy.	£49,968
06/01/2015	Crawford & Company	Providing loss adjusting insurance services for the Council in conjunction with the Council's insurance services	£38,097
TOTAL			£177,325

Directorate		Cross-Directorate	
Date	Supplier	Contract Description	Value
01/12/2014	PJs Foods Ltd	Prepared Sandwiches December NHS Scotland Contract	£85,000
TOTAL			£85,000

Directorate		Services for Communities	
Date	Supplier	Contract Description	Value
23/12/2014	WSP UK Limited	Consultant for the Roseburn to Union Canal Cycleway.	£499,723
07/01/2015	Cleantech Civils Limited	Widening and Resurfacing of Cycleway.	£379,998
10/12/2014	Aecom Limited	To provide consultancy services for feasibility study into public transport improvements.	£55,874
02/02/2015	JCJ (Demolition & Construction) Limited	The works will comprise soft strip and demolition of two buildings. At the former Calder Community Centre the site will be levelled and grassed over. At the former caretaker's house at North Cairntow the site will be levelled but a hardstanding will be constructed on which the local community double-decker bus will stand.	£54,413
10/12/2014	Saltire Roofing & Building Ltd	Repairs and Maintenance of Joinery works in Council owned tenanted properties.	£50,000
13/01/2015	NAL Ltd	Supply and delivery of Edinburgh Tall Style Flexible Bollards.	£50,000
24/02/2015	Glasgow and Weir Fabrications	Blacksmith Works throughout Edinburgh to any Council owned properties. These works include repairs for forced entry to steel openings, including renewal of padlock.	£50,000
16/02/2015	Met-Fab Scotland Ltd	Refurbishment of ISO Containers.	£43,500
27/02/2015	Hyspec Services Limited	Harperrig Reservoir Gantry Bridge Maintenance Painting.	£37,104
21/01/2015	Capita Property and Infrastructure Ltd	A feasibility study of George IV Bridge to ascertain if waterproofing/water seepage management can be carried out to prevent water leakage through the bridge to stop deterioration of the stonework and keep vault spaces dry.	£32,350
15/12/2014	RD Anderson Haulage	Roads Services hire of 18 tonne hiab vehicle and driver.	£26,911
TOTAL			£1,279,873

Finance and Resources Committee

2.00pm, Wednesday, 13 May 2015

Insurance Policies Waiver of Contract Standing Orders

Item number	7.10
Report number	
Executive/routine	
Wards	

Executive summary

The City of Edinburgh Council has an insurance programme covering a range of risks. Those which exceed the OJEU threshold are tendered in line with OJEU procedures and Contract Standing Orders (CSOs). There are, however, a few exceptions where a waiver of the CSOs is justifiable and where entering into a contract in these circumstances is in the Council's best interests.

The policies concerned are All Risks, Fidelity Guarantee and Professional Indemnity.

It is proposed to allow the Council's insurance advisers to market these policies in order to achieve best value for the Council.

Links

Coalition pledges	P30
Council outcomes	CO25
Single Outcome Agreement	SO1

Insurance Premiums Waiver of Contract Standing Orders

Recommendations

- 1.1 It is recommended that Committee:
 - 1.1.1 Approves the waiver of Council's Contract Standing Orders (CSOs) in relation to the purchase of insurance for the following risks: All Risks, Fidelity Guarantee and Professional Indemnity; and
 - 1.1.2 Notes the Council's Insurance Advisers will obtain quotations from the insurance market.

Background

- 2.1 The CSOs state that for work in excess of £25,000 a public advertisement followed by an invitation to tender should be carried out before the award of contract. Under Paragraph 9, the CSOs can be waived (if the value of the proposed contract is under £250,000) and is justifiable on at least one of five points.
- 2.2 The Council has an insurance programme covering a range of risks. The larger risks are tendered in line with OJEU procedures and CSOs. There are a few exceptions where a waiver of the CSOs is justifiable including on the grounds that it is in the Council's best interests. This is one of the five points mentioned above.
- 2.3 The policies concerned are All Risks, Fidelity Guarantee and Professional Indemnity insurance.

Main report

- 3.1 Local authority business is not always attractive to the insurance market and there may be a limited market willing to tender for certain risks, particularly where these are specialised. In these circumstances, insurance advisers are best placed, with their knowledge, to approach the markets which are able to quote and encourage them to do so. Insurance advisers also have access to markets the Council does not. This produces competition and best results.

3.2 The policies shown in the table below fall into this category.

Policy Description	Current Insurer	Premium	Renewal Date
All Risks	AXA Art	£41,948	1/10/15
Fidelity Guarantee	ZMI	£54,848	1/10/15
Professional Indemnity	QBE	£30,740	1/10/15

3.3 In order to achieve best value for the Council it is proposed to allow the Council's Insurance Advisers to obtain alternative quotations from the insurance market.

3.4 Adopting this method will also avoid the risks of cover being unavailable and budget pressures for Services from increased premiums or uninsured claims.

Measures of success

4.1 The three policies are successfully marketed and cover is placed before the current policies expire.

Financial impact

5.1 Financial impact will depend on the outcome of the marketing exercise which will also be dependent on claims experience and any alteration to the risk.

Risk, policy, compliance and governance impact

6.1 This approach should achieve best value for the Council and therefore be in the Council's best interests.

Equalities impact

7.1 There are no adverse equality impacts arising from this.

Sustainability impact

8.1 There are no adverse sustainability impacts arising from this.

Consultation and engagement

9.1 None.

Background reading/external references

None.

Alastair Maclean

Director of Corporate Governance

Contact: Margaret Rae, Insurance Manager

E-mail: margaret.rae@edinburgh.gov.uk | Tel: 0131 529 4750

Links

Coalition pledges	P30 - Continue to maintain a sound financial position including long-term financial planning
Council outcomes	CO25 - The Council has efficient and effective services that deliver on objectives
Single Outcome Agreement	SO1 - Edinburgh's Economy Delivers increased investment, jobs and opportunities for all
Appendices	None

Finance and Resources Committee

2pm, Wednesday 13 May 2015

Review of Contract Procedures Relating to the Council ICT Procurement Process

Item number	7.11
Report number	
Executive/routine	
Wards	All

Executive summary

The current contract for ICT services is due to expire in March 2016 and the Council has approved the procurement of a new contract through a competitive dialogue process. This report provides an update on the key activities being undertaken through the ICT Services Procurement project.

The aim of the procurement is to deliver an ICT solution that best meets both the current and future needs of the Council within an overall resource level.

This report highlights the progress in relation to the Invitation to Submit Refined Solution (ISRS) stage of the project and details the process that will be followed during the final stages of the project.

Links

Coalition pledges	P16, P28, P30, P35
Council outcomes	CO8, CO24, CO25, CO26
Single Outcome Agreement	

Review of Contract procedures Relating to the Council ICT Procurement Process

Recommendations

- 1.1 It is recommended that the Finance and Resources Committee notes:
 - 1.1.1 progress through the ISRS (Invitation to Submit Refined Solutions) stage of the procurement;
 - 1.1.2 the Timeline for the completion of the next stages of the project;
 - 1.1.3 updates will be provided to each Elected Member ICT and Digital Sounding Board; and
 - 1.1.4 the next update report will be provided to a specially convened Finance and Resources Committee on 3 August 2015.

Background

- 2.1 In 2001 the Council appointed BT as their Contractor for outsourced ICT Services. The original contract was for a period of 10 years, and this was extended in 2006 for an additional 5 years, ending on 31 March 2016.
- 2.2 The Council's contract with BT will expire on 31 March 2016 and approval was given by Finance and Resources Committee to procure a new contract for ICT services in line with the Council's ICT and Digital Strategy. This strategy is based on the following assumptions:
 - the City of Edinburgh Council procures its ICT services as a utility;
 - aspiration for local SMEs to gain revenues equivalent to 25% of the value of the Council's ICT services spend;
 - use of National contracts and Frameworks where they deliver best value for money; and
 - procure a non-exclusive contract against any services provided.
- 2.3 This project has the following overall aims:
 - to save the Council £6m against annual core ICT spend of £26.2m;
 - to transform the existing ICT service into a flexible, scalable service;
 - to move to a prime supplier; and
 - to implement an output based contract(s) ("*what*" we get rather than "*how*").

Competitive Dialogue Process

- 3.1 As reported previously to the Finance and Resources Committee, the ICT procurement team has been engaging with the remaining bidders on the Refined Solution stage of the competitive dialogue process.
- 3.2 A large number of structured dialogue meetings have been held with each of the two remaining bidders and this was supported by focused due diligence activities. Feedback received from the Bidders confirmed that they had been comfortable with the way the competitive dialogue had been conducted. As a result, the process was successfully completed in line with the reported project timings by 6 March 2015.
- 3.3 The two bidders have submitted their Refined Solutions information on 23 March 2015 and evaluation of these bids has commenced. The Evaluation Teams will continue to observe the following key principles of evaluation:
- **Fairness:** all tender or quote evaluations must be undertaken in a fair manner with each bid deserving equal treatment and assessment and scores applied consistently.
 - **Confidentiality:** all bids during a tender process are confidential and should not be discussed with any person not involved in the evaluation process.
 - **Transparency:** this related not simply to disclosure and openness but also the removal of discretion and subjectivity. Evaluation based on the objective criteria that was set and known to bidders in advance.
 - **Equal Treatment:** all bidders must be given the same opportunity, based on the same information and criteria, and evaluated in a non-discriminatory manner.
- 3.4 Individual assessments will be undertaken using the approved evaluation matrix and the Evaluation Teams will meet to discuss their assessments and reach a consensus outcome. Heads of Service have identified evaluators who will use their business knowledge on behalf of the service area to assess the solutions being proposed. In total there will be 28 evaluators involved in assessing the submissions put forward by the bidders.
- 3.5 Following this next evaluation stage, further dialogue will continue with the two bidders until the 20 May. This stage will again takes the format of intensive, structured dialogue meetings, supported by ongoing due diligence activities covering all aspects of the service solution including core service provision, service enhancements, transformation, community benefits and cultural fit. The core characteristics of the contract are outlined in Appendix 1.

- 3.6 At the end of this stage the project will move onto the Final Tender stage with both Bidders submitting a formal response by 8 June 2015. This will then be evaluated before a preferred bidder recommendation is made through the Project Board to a specially convened Finance and Resources Committee on 3 August 2015. This will allow for an eight month transition period between contract award and the transition of the service from BT in April 2016.
- 3.7 The timeline of the stages of the project is detailed in Appendix 2.

Engagement Activities

- 3.8 The Project recognises the importance of engaging with all relevant stakeholders and a range of activities are ongoing:
- Meetings with service managers to refine and finalise service requirements. This includes engagement with Service Area Senior Management Teams, and key service managers continue to be involved in discussions with bidders.
 - Engagement sessions and ICT open days involving employees across the Council.
 - Elected Members being kept up to date with developments in the project.
 - The ICT Procurement Project Stakeholder Group meeting on at regular basis (at least monthly).
 - Monthly updates on the progress of the project are included on the Orb. The Orb pages also have an email address for enquiries relating to the project as well as information on nominated contacts.

Assurance

- 3.9 The project will continue to be reported through Finance and Resources Committee, and will further be reported through the ICT & Digital Sounding Board and also the Governance, Risk and Best Value Committee (GRBV). As a Major Project, it will also be included in the Major Project Portfolio which is reported by the Corporate Programme Office to the Corporate Leadership Group (CLG) (every two months), Finance and Resources Committee (every quarter) and Governance Risk and Best Value Committee (every six months).
- 3.10 As part of the project's internal governance and control arrangements, the assurance review report recommendations have been implemented including a review of the Business Case and the Benefits Realisation Plan. In addition, the most recent quarterly Status Report on the project was provided to the CPO at the end of February 2015. The latest assurance review gave the project a

green- amber rating which highlights the progress the project has made and the successful mitigation of previously identified issues.

- 3.11 The project will continue to work with the Corporate Programme Office to achieve best project practice and deliver any suggested actions.

Measures of Success

- 4.1 The success of the new service will be measured against the objectives developed to support the ICT strategy and the future delivery of services. These include:
- Improved customer service;
 - Effective contract management through output specifications;
 - SMEs to gain revenues equivalent to 25% of the value of the Council's ICT services spend;
 - Use 'best of breed' suppliers;
 - Establish a flexible and scalable service to support business requirements; and
 - Reduced ICT costs with improved service levels (a minimum of £6m saving against core spend of £26.2m per annum).
- 4.2 The Procurement project is progressed to target against the agreed project plan timescales (Timeline summary at Appendix 2) and budget.

Financial impact

- 5.1 The new contract will deliver a minimum of £6m saving per annum, post March 2016. This is an important assumption included within the Council's Long Term Financial Plan.
- 5.2 The cost of the Procurement is currently projected to be within budget.

Risk, policy, compliance and governance impact

- 6.1 Below is a summary of the potential impacts of the proposed project and the anticipated mechanisms to mitigate them. These impacts are potential unintended consequences which will require managing:

Theme	Potential impact	Comments / mitigating action
Citizens & service users	Positive	It is anticipated that the new service will provide an enhanced experience for citizens and service

		users.
Small & Medium-Sized Business	Positive	There is an ambition that SMEs will be used as part of the overall supply chain, either subcontracted or contracted directly.
Voluntary organisations	Positive	It is intended that any Framework Agreements can be shared with third parties allowing them better value for ICT services procured
Council staff	Positive	It is anticipated that there will be an improvement in the service quality and functionality of the ICT service.
The environment	None	N/A

Equalities impact

- 7.1 The project has no direct impact on equalities but any service change will be assessed in accordance with Council policy.

Sustainability impact

- 8.1 The project has no direct impact on sustainability.

Consultation and engagement

- 9.1 As detailed at 3.8 above a programme of engagement has taken place across all Service Areas and with CMT, DMT's and Elected Members. Nominated representatives across Service Areas have been identified for the Project Board, Evaluation teams and Stakeholder Group, supplemented by other specialist advisors as required.

Background reading/external references

Relevant internal references include:

[ICT Strategy Development, Corporate Policy and Strategy Committee, 4 December 2012](#)

[ICT Update, The City of Edinburgh Council, 13 December 2012](#)

[ICT & Digital Transformation Programme Update, Finance and Budget Committee, 19 September 2013](#)

Relevant external references include:

[McClelland Review of ICT Infrastructure in the Public Sector in Scotland;](#)

[The Local Government ICT Strategy for Scotland;](#)

[National ICT Strategy: Scotland's Digital Future – Delivery of Public Services;](#)

Alastair D Maclean

Director of Corporate Governance

Contact: Danny Gallacher, Head of Customer Services, Corporate Governance

E-mail: danny.gallacher@edinburgh.gov.uk | Tel: 0131 469 5016

Links

Coalition pledges

Council outcomes

**Single Outcome
Agreement**

Appendices

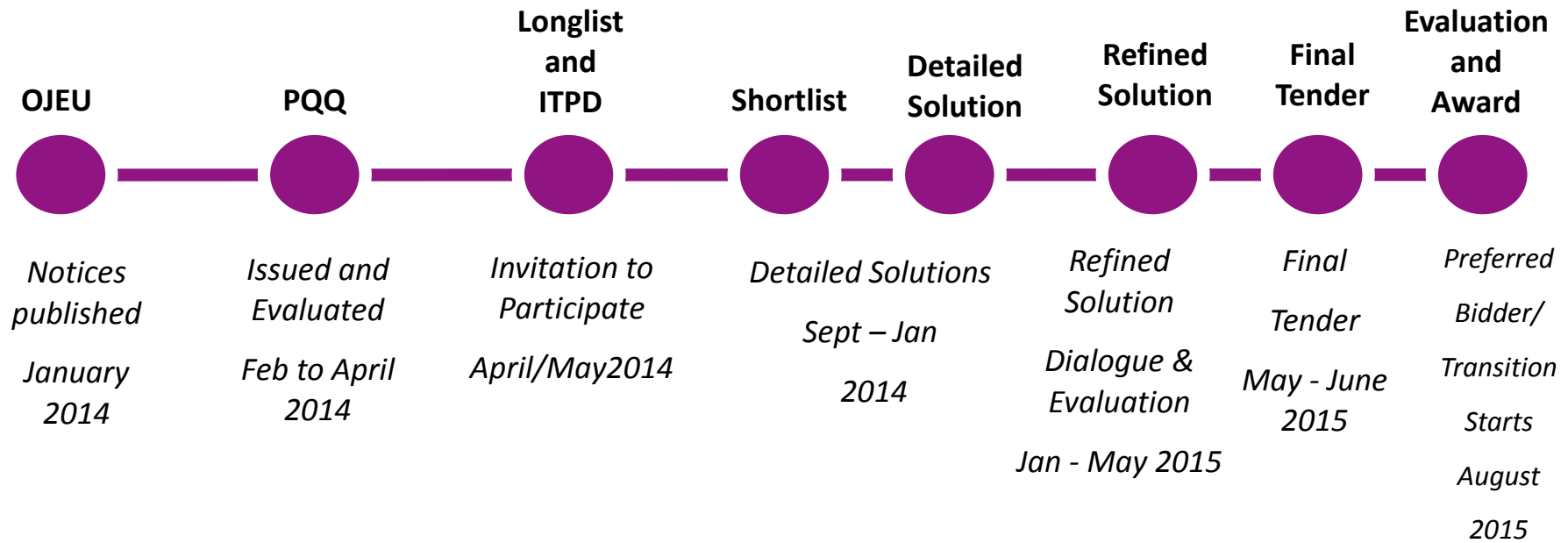
Appendix 1 - Contract Characteristics

Appendix 2 - Project Indicative Timeline

Appendix 1: Contract Characteristics (founding principles of the contract)

1. The Contract will be between CEC and a single prime contractor.
2. The Supplier will be proactively engaged in supporting the development of CEC's IT strategy.
3. Service scope will be subdivided into Service Segments.
4. Each Service Segment will be described by reference to a segment-specific Output Based Specification.
5. Service Segments will be classified as "Base" or "Utility".
6. Public Sector Partners must be entitled to take up individual Service Segments.
7. The usage of Service Segments will be regularly reviewed and altered where necessary.
8. The Supplier's pricing model must be compartmentalised between Service Segments.
9. The Supplier's pricing model must be designed to share benefits.
10. Financial reporting and selective Cost Transparency.
11. Escalating Remedies will have a key role to play in making the Contract an effective tool in the delivery of a successful Project.
12. Commercial and contractual risk will sit with the party best placed to manage the risk concerned.

Revised Procurement Timeline Summary



Finance and Resources Committee

2.00pm, Wednesday, 13 May 2015

Council Contracts - Planning Update

Item number	7.12
Report number	
Executive/routine	
Wards	All

Executive summary

This report updates the Finance and Resources Committee on current activities with regard to renewal of contracts, both involving Commercial and Procurement Services and more widely across the Council.

The report also outlines the processes by which contracts are controlled and supporting engagement activities that are underway to ensure continuous improvement, proactive planning and compliance with the Council's Contract Standing Orders and wider legal obligations.

The Committee is asked to note the contents of this report and that a further report will be brought to the Committee in six months to update on progress.

Links

Coalition pledges	P30
Council outcomes	C025
Single Outcome Agreement	

Council Contracts - Planning Update

Recommendations

- 1.1 The Finance and Resources Committee is asked to note the contents of this report and that a further report will be brought to the Committee in six months to update on progress.

Background

- 2.1 The Finance and Resources Committee on 15 January 2015 took a decision:
“To request a report detailing management information for contracts and the process by which they were controlled was brought to the Finance and Resources Committee in May 2015.”
- 2.2 The Council currently has 615 live contracts on the Contract Register for a diverse array of goods, works and services, from stationery to complex personal care requirements. This report sets out how contract activities are organised across the Council, outlining current controls in place to promote compliance with the Contract Standing Orders (CSOs) and wider legal obligations.
- 2.3 In the past two years there has been significant improvement in how commercial and procurement activities are carried out across the Council, as outlined in the recent update reports regarding the Commercial Excellence Programme and evidenced by the annual external Procurement Capability Assessment carried out by Scotland Excel. In particular, management information about existing contracts has much improved through liaison with services to update the Council’s Contract Register, as also reported to February’s Finance and Resources Committee.
- 2.4 However, there are areas where management information and the planning of the procurement and renewal of contracts could still be improved. Ongoing and proposed activities to support services in embedding a proactive approach to contract planning are outlined in this report.

Main report

Council contract activities

- 3.1 Commercial and Procurement Services (CPS), provide advice and support to customers to enable them to meet the Council’s purchasing and other commercial requirements. CPS carries out tendering procedures and also

monitors and challenges planned purchasing activity to ensure it is both effective and compliant, whilst also playing a crucial role in helping the Council to achieve its budgeted savings targets.

- 3.2 As well as the CPS unit, there are also currently dedicated commissioning teams within Children and Families, Health and Social Care and Services for Communities. These teams undertake varying procurement and contract management activities alongside their commissioning duties. CPS is engaging with these commissioning teams to help ensure consistency and closer alignment across the breadth of the Council's commercial and procurement activities.
- 3.3 A significant number of Council posts across all service areas include a requirement to undertake procurement and supplier management activities, particularly with regard to lower value contracts, in line with the financial thresholds outlined in the CSOs. CPS offers advice and training to support these activities.
- 3.4 A project has been initiated to improve and regulate the Council's approach to contract and supplier management across the whole life span of a contract (see 3.26 below).

Current controls

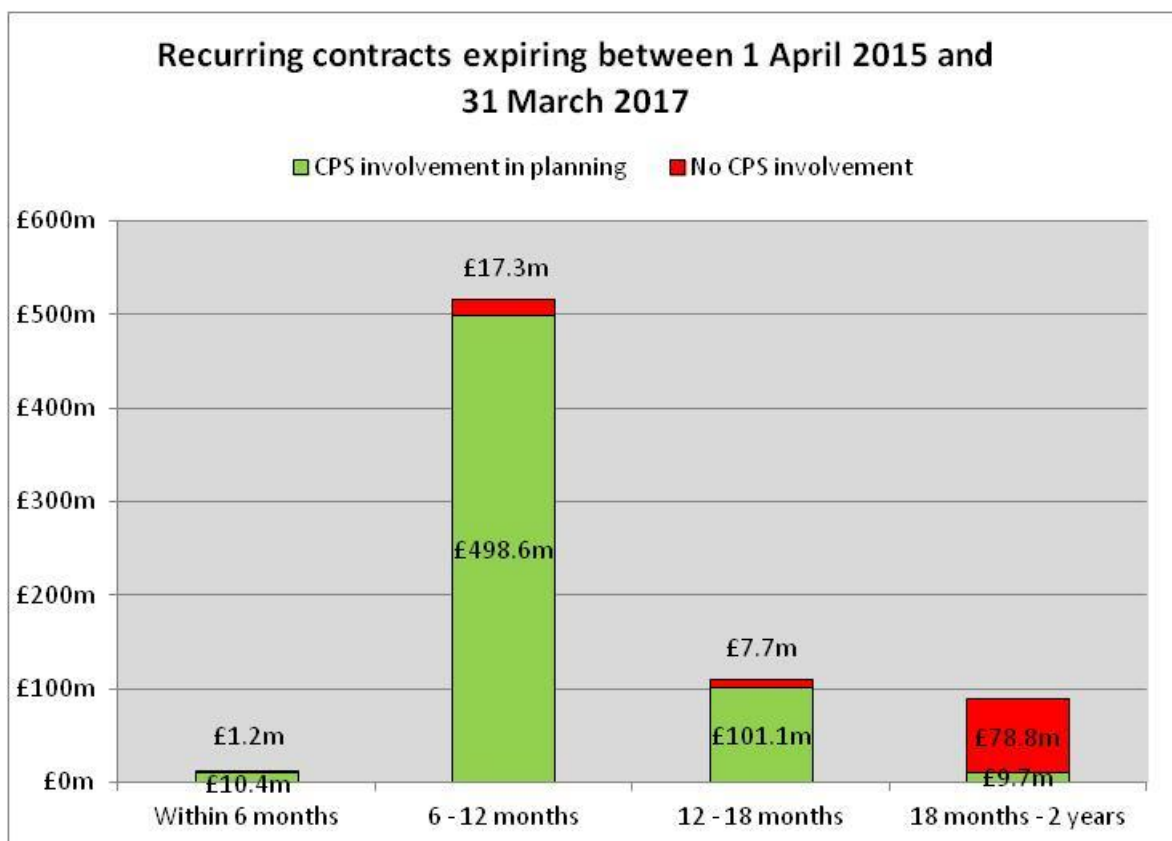
- 3.5 Council contracts are regulated by European and national legislation which is implemented through the Council's Contract Standing Orders (CSOs). The CSOs are supported by controls and tools that include the Contract Register, a waiver process, Procure to Pay (P2P) process and the Procurement Handbook.
- 3.6 The Council's Contract Register is available on the Orb intranet for all staff, and is updated every two weeks. Services are responsible for ensuring information regarding their contracts is up to date and are responsible for reviewing the Register for planning purposes, supported by CPS staff.
- 3.7 For spend over £3,000, the CSOs mandate that services must undertake a competitive process (usually by obtaining at least three quotes) before placing an order. The Council's P2P process is aligned to this requirement and evidence must be submitted that this has been carried out before an order may be approved with a non-contracted supplier.
- 3.8 The relevant contract and procurement procedures and controls are further outlined in the Council's Procurement Handbook, also available to all staff on the Orb. This guide sets out the processes from the initial planning stages involving market intelligence and stakeholder engagement, to the setting up of the successful supplier on Oracle or feeder system and the development of a contract management framework.
- 3.9 The CSO requirements can be waived in certain specified circumstances. The decision to do so is supported by a written waiver or Committee report that sets out the justification. There will always be circumstances when waivers are

appropriate, for example, where there is only one possible supplier of the service or goods. There is a robust approval process in place for approval of waivers by Head of Service, Director or Committee depending on the relevant value.

- 3.10 As detailed in previous reports to this Committee, the trend towards full compliance with the CSOs has required an increase in temporary waivers in the short term to allow compliant contractual arrangements to be put in place. However, there are instances that waivers may be attributable to poor planning, and CPS is working with services to mitigate these instances.

Expiring Contracts

- 3.11 As noted above in 3.6, the Contract Register acts as a key tool for services to plan their future procurement activities. CPS aims for all contracts above £25,000, where the service requirement continues beyond the contract expiry date, to be built into CPS' contract delivery plans with sufficient time allowed for the required activities to be completed before the current contract expires.
- 3.12 Under new legislation which will be brought in later this year, the Council will require to publish its future procurement requirements so this work will enable the Council to be well prepared for compliance with this obligation.
- 3.13 The chart below summarises the planning position for recurring contracts with an expiry date between 1 April 2015 and 31 March 2017.



- 3.14 In overall terms, contracts with a value of £725m expire in the next two years. Planning is progressing well for contracts expiring in the next eighteen months (to 30 September 2016), with plans in place to cover 96% of the contract value.

Planning for contracts expiring after 30 September 2016 is limited and CPS is reviewing the position with services, prioritising those contracts with the highest value and / or criticality to service delivery.

- 3.15 In addition, a number of recurring contracts on the Contract Register expired late in 2014/15. Services and CPS are reviewing these requirements urgently. This has resulted in both an increase in the number of waivers requested and the removal of a number of contracts from the Contract Register, where managers have identified no current need for the service.
- 3.16 A significant proportion of the overall value of expiring contracts relate to contracts for care and support services. Historically these have not been subject to full competitive tender and have been arranged by service commissioning teams with little CPS involvement. CPS are working with the relevant Services to address this and ensure full compliance with the CSOs and wider legislative requirements, including upcoming changes which will require advertising over a specified threshold for such services.
- 3.17 The CSOs require the Commercial and Procurement Manager to advise on the tendering arrangements for all contracts over £25,000. Compliance with this requirement is an important tool to drive both the value for money and quality of services that the Council achieves through its contracts.
- 3.18 It is a key priority for services to work with CPS to review the status of all recently expired contracts to ensure that the contract register is up to date and that any outstanding tendering activities are agreed with CPS and captured appropriately within contract delivery plans. This will ensure that they can be expedited and also that capacity within CPS can be appropriately planned.
- 3.19 The position described above is based on contracts that have been marked as recurring in the Contract Register. A significant number of contracts are also classified as 'one-off' and through the next phase of engagement with services, CPS will work with services to identify whether or not there is in fact a recurring requirement for any of these contracts.

CPS Engagement

- 3.20 CPS has appointed Commercial Partners to support the strategic engagement and commercial, procurement and contract management across services. They act as a point of contact to support Directors and senior managers to undertake their procurement activities.
- 3.21 Engagement with services throughout 2014 focussed on improving compliance with CSOs and ensuring the Contract Register was updated to more accurately reflect current Council spend with contracted suppliers. This, together with the P2P improvements, has provided significantly more management information than was previously available.
- 3.22 To support the Contract Register, CPS is also now issuing tailored dashboards on contracts expiring in the next 18 months in a simple format, to assist each

directorates in planning requirements. Feedback received from services regarding these dashboards will be updated onto the Contract Register.

- 3.23 As outlined above, focus is currently being given to contracts that have either already expired or been coded as 'one-off' in the Contract Register.

Grants and Co-production

- 3.24 There are instances where an assessment is required on whether or not services from a supplier are best secured through a competitive grant arrangement or through competitive procurement process. CPS is currently working with the Corporate Policy and Strategy team to develop guidance for services and elected members to enable a decision on the appropriate route to market, using an outcome-based approach.
- 3.25 Further guidance on co-production is also under development. Co-production is encouraged to develop specifications with service users, current suppliers and the wider potential market, whether or not a grant or formal contractual arrangement is preferred.

Contract and Supplier Management

- 3.26 A further requirement in driving up the value for money and service quality achieved through contracts is effective contract and supplier management. Nationally the Procurement Capability Assessment (PCA) demonstrates a general weakness in contract and supplier management in local authorities across Scotland and indeed the UK. The Council's performance is good relative to most other authorities, but there is significant room for improvement and the benefits which can be achieved are considerable.
- 3.27 The development of the Council's approach to contract and supplier management is being taken forward by CPS as part of the wider BOLD Business and Support Services work stream.

Next Steps

- 3.28 Activities in the coming months will focus on continued close working with directorates to ensure that the contract register is current and up to date, in particular reviewing recently expired contracts and 'one-offs'.
- 3.29 Procurement plans will be developed with services where requirements for contract renewals are identified.
- 3.30 Guidance will be developed on grants / co-production.
- 3.31 Contract and supplier management proposals will be developed and implemented.

Measures of success

- 4.1 The success of the contract planning activities can be measured by:

- Reduced number of waiver reports
- More effective resource allocation
- Better management information being available, including the Council's Contract Register being fully up to date and correct

Financial impact

- 5.1 Effective planning of contract renewals is essential for the Council to drive value for money and achieve both high quality and savings from its contracts.

Risk, policy, compliance and governance impact

- 6.1 Poor planning of contract activities may result in reduced compliance with legislation and CSOs, increased instances of waivers and increased risk of legal challenge.

Equalities impact

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

Sustainability impact

- 8.1 There are no impacts on carbon, adaption to climate change and sustainable development arising directly from this report.

Consultation and engagement

- 9.1 This work will be taken forward with service areas as set out in the report.

Background reading/external references

[Contract Register report](#)

[Commercial Excellence update](#)

Alastair Maclean

Director of Corporate Governance

Contact: Nick Smith, Commercial and Procurement Manager

E-mail: nick.smith@edinburgh.gov.uk | Tel: 0131 529 4377

Links

Coalition pledges	P30 – Continue to maintain a sound financial position including long-term financial planning
Council outcomes	C025 – The Council has efficient and effective services that deliver on objectives
Single Outcome Agreement Appendices	

Finance and Resources Committee

2.00pm, Wednesday 13 May 2015

Review of Payment Terms for Council Suppliers and Contractors

Item number 7.13
Report number
Executive/routine
Wards

Executive summary

The Council has a statutory obligation to pay invoices within 30 days of receipt. However, in 2009 central government and the Scottish Government asked Councils to 'aspire' to make payments to small/medium sized organisations (SMEs) within 10 days. At the request of the Council Leader, from February 2009 the Council undertook to improve payment terms to meet this 10 day target, wherever possible, for all suppliers.

These arrangements have benefited the business community in terms of their cash flow. However, paying invoices early has an impact on the Council's borrowing costs in terms of lost interest. It also reduces the opportunity to negotiate early settlement discounts when tendering new contracts or negotiating terms with existing suppliers.

There is an outstanding audit requirement to review this practice which was intended as a temporary initiative to assist businesses during a recession. Since May 2013, around 300 large suppliers were moved to the statutory 30 day terms. However, a policy decision is now required to revert to original payment terms of 30 days for all suppliers, including SMEs. This will bring the Council into line with the majority of other Councils in Scotland.

Links

Coalition pledges P30
Council outcomes C025
Single Outcome Agreement

Review of Payment Terms for Council Suppliers and Contractors

Recommendations

- 1.1 It is recommended that the Finance and Resources Committee:
 - 1.1.1 agrees to revert to original payment terms for paying all non-discount suppliers and contractors, which is 30 days from receipt of an invoice;
 - 1.1.2 notes that agreed early payment arrangements already in place under certain contracts will remain; and
 - 1.1.3 notes that early payments will still be made in an emergency.

Background

- 2.1 Since February 2009, the City of Edinburgh Council has cooperated with requests from central and Scottish Governments and the Scottish Federation of Small Businesses to pay invoices within 10 days, where possible, instead of the statutory 30 days. This was intended as a temporary measure to provide assistance to small businesses during the recession, although this Council originally opted to apply the 10 day target to all suppliers. There is an outstanding audit requirement to review this practice.
- 2.2 In doing so, the financial impact of paying invoices within 10 days has to be considered. These arrangements have benefited the business community in terms of their cash flow. However, paying invoices early has an impact on the Council's borrowing costs in terms of both lost interest and available cash reserves. It also reduces the opportunity to negotiate early settlement discounts when tendering new contract terms or negotiating with existing suppliers.
- 2.3 The Scottish Government target is still to pay invoices within 10 working days of their receipt for SMEs. However, this is just a target rather than a legal obligation. We appear to be one of the few local authorities in Scotland which has taken direct steps to meet this 10 day target.
- 2.4 If the Council were to review and revise its current practice of paying SMEs within 10 days, this would not be very different from the practices adopted by other authorities. A 2013 Freedom of Information request showed that the average amongst authorities was 39% paid within 10 days. The figure for the City of Edinburgh Council at that time was 70%. Other large Councils such as Glasgow, Fife and Aberdeen have not moved away from the 30 day statutory payment terms.

Main report

Current Payment Processing Arrangements

- 3.1 Since May 2013, the Council has reverted to 30 day payment terms for around 300 large suppliers. However, to date around 50% of all supplier/contractor payments are still processed within 10 days.

Early Settlement Discounts

- 3.2 The 10 day payment initiative was never intended to be permanent and businesses have had six years of cash flow benefits to date. If the Council returns to 30 day payment terms for all suppliers and contractors, businesses will still be able to negotiate early payment terms in return for a discount on the amount payable.

Impact on Businesses

- 3.3 The Council pays 95% of invoices within 30 days and is consistently one of the top performing Councils in Scotland in this regard.
- 3.4 In recent years, there have been improvements to payment processes which have benefited suppliers/contractors and which will continue:
- around 94% of payments are made by BACS direct to suppliers' bank accounts replacing manual cheques;
 - introduction of daily BACS payment runs; and
 - facility for emergency payments.
- 3.5 The Council aims to move to electronic invoicing in the future which will provide further opportunities to streamline the payment process.

Measures of success

- 4.1 Cash flow and financial benefits by removing the strain of the financial amounts paid early by this Council.
- 4.2 Increase in early settlement discounts received when new contracts are finalised or existing contracts are renegotiated.

Financial impact

- 5.1 If the Council reverts to 30 day payment terms, the cash flow benefit to the Council is estimated at £100,000 a year based on current low interest rates.
- 5.2 There is also the opportunity to negotiate early payment discounts with suppliers in return for payment in less than 30 days. Currently, the amount of discounts is very low because the Council is paying SMEs in 10 days. The financial benefits

which could accrue to the Council from this change are difficult to quantify, especially as the cost of borrowing for businesses is currently very low. However, there is evidence to suggest that some suppliers will offer small discounts to authorities who are willing to pay earlier than the standard agreed period as it can assist with their cash flow demands. Given the significant sums which the Council spends annually, it is recommended that the Council be afforded the opportunity to achieve any possible value from any agreed early payment.

Risk, policy, compliance and governance impact

- 6.1 By reverting to 30 day payment terms for all suppliers, the Council will continue to meet its statutory obligations.
- 6.2 There is a risk that small business will complain about the change in practice. This will be mitigated by offering to pay invoices in less than 30 days in return for a discount.
- 6.3 Communications will be issued to suppliers and their response will be managed closely.

Equalities impact

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

Sustainability impact

- 8.1 There are no direct sustainability implications arising from this report.

Consultation and engagement

- 9.1 Senior staff in Finance, Commercial and Procurement Services, and Payment Services were consulted about the content of this report.

Background reading/external references

None.

Alastair D Maclean

Director of Corporate Governance

Contact: Sally Griffiths, HR, Payroll and Payments Manager

Links

Coalition pledges	P30 – Continue to maintain a sound financial position including long-term financial planning.
Council outcomes	CO25 – The Council has efficient and effective services that deliver on objectives
Single Outcome Agreement	
Appendices	

Finance and Resources Committee

2.00pm, Wednesday 13 May 2015

Design Team for Cycling Hub at Hunter's Hall Park - Award of Contract

Item number	7.14
Report number	
Executive/routine	
Wards	All, and Portobello/Craigmillar in particular

Executive summary

This report seeks the approval of the Committee to award the contract for the Multi-Discipline Design Team for the development of the project to RIBA (Royal Institute for British Architects) Stage C to Faithful and Gould for the contract sum of £136,500. Once the funding requirement is confirmed, a further update and approval for the next stage will be sought from the relevant committee.

Links

Coalition pledges	P42 and P45
Council outcomes	CO4, CO10, CO20 and CO23
Single Outcome Agreement	SO2, SO3 and SO4

Design Team for Cycling Hub at Hunter's Hall Park

Recommendations

- 1.1 Approve the award of the contract for the multi-discipline design team to develop the designs to RIBA stage C to Faithful & Gould for the contract sum of £136,500 utilising the SCAPE Framework Agreement; and
- 1.2 Note that once the funding requirement is confirmed, formal approval will be sought from the relevant Committee to proceed to the Construction Phase.

Background

- 2.1 At its meeting on 28 May 2013 the Culture and Sport Committee approved £1.215m towards a cycling hub at Hunter's Hall Park, home of the Jack Kane Centre. The Committee noted that this could include facilities for various cycling disciplines, and work followed to determine the feasibility of the various potential options for these facilities.
- 2.2 Architects Reiach and Hall were commissioned through the Quick Quote process to produce an initial options appraisal for the cycling hub. The project also included the construction of synthetic pitches (for which £800k Section 75 funding has been allocated), and a potential refurbishment of the Jack Kane Centre (which could be funded from a variety of sources, including prudential borrowing, capital allocation, and external grants).
- 2.3 A public consultation on the proposed cycling hub was also undertaken. Of 707 responses received, 91.2% were in favour of the proposal to build new cycling facilities. Following the consultation and the consultants' report, the Culture and Sport Committee on 16 December 2014 approved further feasibility work to RIBA Stage C (pre-construction) on Option 4. This included an outdoor velodrome, a cycle speedway track, and a BMX track. This option also included two synthetic 3G pitches, and upgrading works to the Jack Kane Sports Centre and Community Wing.
- 2.4 The Culture and Sport Committee also noted that the results of the process to procure consultants would be reported to this Committee for approval.

Main report

- 3.1 The City of Edinburgh Council wishes to appoint a suitably qualified and experienced multi-discipline design team to support the design of Hunter's Hall Park Cycling hub to RIBA stage C.

- 3.2 Following approval at the Culture and Sport Committee on 12 December 2014 to proceed with the appointment of Consultants to support the project to pre-construction, the Culture and Sport Service, in consultation with Commercial and Procurement Services, reviewed options available for the procurement of the design team.
- 3.3 In order to complete the procurement process expediently, the most appropriate method of procuring was identified as a direct award, utilising the SCAPE Framework, to Faithful and Gould.
- 3.4 SCAPE is a public sector owned specialist organisation which offers access to design team professionals through a suite of national procurement frameworks. Faithful and Gould are the single supplier for Scotland.
- 3.5 Faithful & Gould have submitted a fee bid of £136,500 which is based on pre-determined rates offered on the Framework. They have noted that an additional amount of up to £25k may be required for sports consultancy and any required surveys, eg geological, asbestos.
- 3.6 Should the decision be taken to proceed to the Construction Phase and complete the project, Faithful and Gould have submitted a fee bid of a further £252,760, making a total of £389,260. This is based on a project value of £3.5m. Should funding be secured to support a higher value project, the fee bid would be proportionately higher. Full details will be provided in the next report seeking approval to proceed to the Construction Phase.
- 3.7 The award of this Contract is compliant with Council Standing Orders, Public Procurement (Scotland) 2012 Regulations and EU Procurement Directives.

Measures of success

- 4.1 Development of a design for a feasible cycling hub at Hunter's Hall Park, to include two synthetic 3G pitches and upgrading works to the Jack Kane Centre.

Financial impact

- 5.1 There is a capital allocation of £1.215m for the cycling hub, and Section 75 funding of £800,000 for the synthetic pitches. The recommended contract value can be accommodated within these budgets. Further funding is being sought from external grant funders for completion of the project.
- 5.2 The costs associated with procuring this contract are estimated at up to £10,000.

Risk, policy, compliance and governance impact

- 6.1 There are no negative policy, compliance and governance impacts arising from this report.

- 6.2 The feasibility work to be done by consultants to develop designs to RIBA StageC will be funded by capital. Should the full funding not be achieved, there is a risk that elements of the project would have to be scaled back, and the consultants' costs incurred in preparing those elements would have to be transferred to revenue.

Equalities impact

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

Sustainability impact

- 8.1 The cycling hub would encourage more residents to cycle more frequently, improving their health and contributing to beneficial environmental outcomes for the city. The project may also achieve improvements to the energy efficiency of the Jack Kane Centre.

Consultation and engagement

- 9.1 Extensive public consultation and engagement has been undertaken as part of this project.

Background reading/external references

Minute of Council meeting of [7 February 2013](#)

Report to Culture and Sport Committee on [28 May 2013](#)

Report to Culture and Sport Committee on [11 March 2014](#)

Report to Culture and Sport Committee on [27 May 2014](#) and article in Business Bulletin of Culture and Sport Committee of [21 October 2014](#)

Report to Culture and Sport Committee on [16 December 2014](#)

The Council's Consultation Hub [page](#)

Alastair D Maclean

Director of Corporate Governance

Contact: David Wardrop, Sports Manager, Culture and Sport, Corporate Governance

E-mail: david.wardrop@edinburgh.gov.uk | Tel: 0131 529 7738

Links

Coalition pledges	P42 Continue to support and invest in our sporting infrastructure P45 Spend 7% of the transport budget on provision for cyclists
Council outcomes	CO4 Our children and young people are physically and emotionally healthy CO10 Improved health and reduced inequalities CO20 Culture, sport and major events – Edinburgh continues to be a leading cultural city where culture and sport play a central part in the lives and futures of citizens CO23 Well engaged and well informed – Communities and individuals are empowered and supported to improve local outcomes and foster a sense of community
Single Outcome Agreement	SO2 Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health SO3 Edinburgh's children and young people enjoy their childhood and fulfil their potential SO4 Edinburgh's communities are safer and have improved physical and social fabric
Appendices	None

Finance and Resources Committee

14.00 – Wednesday 13 May 2015

Award and Extension of Health and Social Care Contracts

Item number	7.15
Report number	
Executive/routine	
Wards	All

Executive summary

This report seeks approval to:

- (a) award 7 contracts on the basis of their special characteristics
- (b) extend 15 mental health and wellbeing contracts as a means of aligning their end dates with the planned strategic review of health and social care services
- (c) extend 5 contracts as a means of facilitating their better longer term management
- (d) transfer 1 contract to the grants portfolio

Links

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

Award and Extension of Health and Social Care Contracts

Recommendations

To agree:

- 1.1 the award of the contracts listed in Appendix 1 on the basis of their special characteristics
- 1.2 the extension of the mental health and wellbeing contracts listed in Appendix 2 at a reduced value until 31 March 2016 to allow for future arrangements to be addressed as part of the Integrated Joint Board Strategic Plan for Health and Social Care Services 2016-19
- 1.3 the extension and/or transfer of the disability service contracts listed in Appendix 3
- 1.4 the proposed transfer of the contract listed in Appendix 4 to the grants portfolio.

Background

- 2.1 The waiver of Council Contract Standing Orders is permitted where the circumstances of the proposed contract are covered by legislative exemptions, including where the nature of the market for the services to be provided has been investigated and is demonstrated to be such that a departure from the requirement of Standing Orders is justifiable in accordance with EU law and principles; for example, when for technical reasons the contract may only be awarded to a particular provider or it is in the Council's best interests to do so. It is on this basis that approval is sought to award the contracts listed in Appendix 1.
- 2.2 Section 10 of Council Standing Orders requires the approval of the Finance and Resources Committee in respect of the proposed extension of the contracts listed in Appendices 2 and 3. In light of current financial pressures affecting the Council, the recommendation to extend these contracts is made on the basis that a number will be let at a lower value than their predecessor contracts.
- 2.3 Council Standing Orders indicate Committee approval should be sought in circumstances where it is proposed to change the status of a current contract to that of a grant, as in the case of the contract listed in Appendix 4.

Main report

Waiver of Standing Orders

- 3.1 Health and Social Care currently contracts with Edinburgh Voluntary Organisations Council (EVOC) and the Volunteer Centre Edinburgh (VCE). Both

are recognised by the Scottish Government as key infrastructure support bodies for Edinburgh's Third Sector. As such, EVOG and VCE carry out functions unique to them and for which no 'market' of alternative providers exists. Therefore Committee is recommended to waive Council Standing Orders and agree the direct award of contracts for the annual values listed in Appendix 1, for the period 1 April 2015 to 31 March 2018. Relative to the value of their predecessor contracts, the value of both proposed new contracts has been reduced by 3.3%, making them subject to the same savings requirements as the grant aided organisations which EVOG and VCE support. This will deliver savings of £7,630.

- 3.2 East, Mid and West Lothian Councils and the City of Edinburgh Council all contract with the Lothian Centre for Inclusive Living (LCIL) to provide advice to people considering using Direct Payments, and support to those who decide to do so. The latter role involves helping people to advertise for and recruit Personal Assistants (PAs), providing them with access to LCIL's PA payroll service and helping them manage tax, National Insurance, pension payments and other matters related to their role as employers. LCIL is the only not-for-profit organisation currently offering these services in the volume required to deliver economies of scale. All four Lothian councils do, however, recognise that the implementation of self directed support legislation in April 2014 is likely to result in other providers becoming interested in entering this area of the social care market in the future. For this reason and on the basis that a future 'market' of alternative providers may emerge, Committee is asked to waive Standing Orders and approve the direct award of a contract for the value listed in Appendix 1 for a limited period of 1 year to LCIL, from 1 April 2015 to 31 March 2016. This will allow for a market testing exercise to be carried out during 2015 to assess the extent of any interest in competing for a contract for the provision of support to users of Direct Payments for the period April 2016 – March 2019.
- 3.3 The Royal National Institute for the Blind (RNIB) and Deaf Action (DA) both currently carry out specialist statutory assessment and care management functions on behalf of the Council and provide other support for people with sensory impairment. The Council has now agreed with both RNIB and DA that the completion, on a partnership basis, of a 'Best Value' review of their services will allow the Council to determine how best to guarantee the continuation of support on a sustainable basis from 2016 onwards. Pending completion of the review and on the basis that no alternative 'market' of providers delivering specialist sensory support functions has yet been identified, Committee is asked to agree the award of contracts to RNIB and DA, for the values listed in Appendix 1, for the period 1 April 2015 to 31 March 2016. The review process will seek to identify and realise any available savings during the course of 2015/16. Proposals for the delivery of sensory support services from April 2016 will be submitted to Committee in the Autumn of 2015.

- 3.4 Edinburgh Cyrenians provide residential accommodation for younger people aged 16 – 30 years who have been affected by family relationship breakdown, drug and alcohol issues or mental health problems. A unique aspect of the service is that it is based in a working farm environment 10 miles from Edinburgh city centre. The farm is managed and run by service users with support from resident volunteers and a small team of permanent farm staff. The service is highly regarded and consistently achieves 'excellent' Care Inspectorate grades. On the basis no alternative market of therapeutic residential/farming service exists in Edinburgh, Committee is asked to agree the award of a contract to Edinburgh Cyrenians, for the annual value listed in Appendix 1, for the period 1 April 2015 to 31 March 2018.
- 3.5 NHS Lothian, East Lothian, Midlothian and City of Edinburgh Councils jointly fund Autism Initiatives (AI) to deliver 'one stop shop' support to people with High Functioning Autism and Asperger's Syndrome. AI has successfully established a range of advisory, outreach and housing support services at its 'Number 6' service. Following confirmation of the renewal of partner contributions to the service for the period 1 April 2015 to 31 March 2018, Committee is asked to agree the direct award of a contract, for the value listed in Appendix 1, for a similar period. This is on the basis that it is in the best interests of the Council to do so as a means of ensuring the costs of the service continue to be shared on an equitable basis.

Contract Extensions – Mental Health and Wellbeing Services

- 3.6 In 2011, the Council endorsed 'A Sense of Belonging', which is the joint strategy for improving the mental health and wellbeing of Lothian's population for the period 2011 to 2016. In 2012, the Council let a range of contracts to providers of mental health and wellbeing services in support of this strategy, initially for a period of three years. This was done on the assumption the strategy would be reviewed during 2014 and any new contracts required would be let in 2015. Legislation mandating the integration of health and social care services now requires that the future provision of mental health and wellbeing and other services is addressed by the new Integrated Joint Board in its strategic plan for the period 2016 – 2019. Work on the draft of this plan has begun. Pending the outcome of public consultation on the plan and publication of the final version later this year, Committee is asked to agree the extension of the contracts listed in Appendix 2 for the period 1 April 2015 to 31 March 2016. Relative to their current contracts, the value of the extended contracts (with two exceptions for the reasons noted in the Appendix), has been reduced by 5%, delivering a saving to the Council of £85,726. Proposals for the delivery of mental health and wellbeing services from April 2016 will be submitted to Committee in the Autumn of 2015.

Contract Extensions and Transfer – Disability Services

- 3.7 Health and Social Care is working to achieve transformational change in respect of the delivery of day and advice services for people with disabilities.
- 3.8 Historically, Capability Scotland (CS) has delivered a buildings-based day services to people with disabilities. It is, however, now recognised that this service model no longer meets the needs of service users in the most effective way. Working in close consultation with the Council and other stakeholders, CS plans to dispose of its 'E2' premises by March 2016 and its New Trinity Day Centre building by October 2016. The capital receipts from these sales will allow for investment in a small 'hub' facility, around which people will be helped to learn about and make use of the community resources and opportunities available to everyone. The timetable for transformation of the service has been agreed with service users and families, as a means of allowing them to make a gradual transition from the current to the new service model. In order to facilitate this, Committee is asked to agree the extension of CS' contract for the delivery of services at E2 until March 2016 and at New Trinity until October 2016. The annual value of both contracts is listed in Appendix 3.
- 3.9 The way people with learning disabilities and their families search for advice and advocacy support in respect of welfare rights, information about options for moving on from the family home and self directed support opportunities is changing. In order to allow current providers of such services to adapt their service to reflect changing 'customer' needs, Committee is recommended to agree short extensions, for the period 1 April 2015 to 31 March 2016, to the Council's current contracts with the Family Advice and Information Resource (FAIR) and the Edinburgh Development Group (EDG) for the values listed in Appendix 3. This will allow for the co-production with service users, their families and other stakeholders of a new and sustainable approach to meeting their support needs during 2015, and the procurement of the required service in 2016. Relative to the value of its predecessor contract, extension of the EDG contract will be offered at a reduced value, delivering a saving to the Council of £22,320 or 23.5%. This reduction has been discussed with EDG and is based on the fact that the service is not direct front line care, but a support service, from which it has been possible to make a higher saving.
- 3.10 The Black and Ethnic Minority Advice Service (BEMAS) offers support to parents/carers of disabled children. Given the transformation initiatives outlined above it is now considered that the lead for governance of this contract should sit with the Children and Families service. Committee is recommended to agree the transfer of this contract and its extension for the period 1 April to 2015 to 31 March 2016, for the value listed in Appendix 3. This will allow Children and Families time to review and make recommendations to Committee about the future of this service in the Autumn of 2015.

Transfer of Contracts

- 3.9 The Council's Health, Social Care and Housing Committee agreed in January 2015 that its grant making function should be exercised in support of relatively low cost services, which operate in highly defined local areas of Edinburgh and/or deliver services designed to prevent or delay people's involvement in higher intensity/higher cost health and social care services. A review of Health and Social Care's contract portfolio indicates that one contracted service, ACE IT, which provides ICT training to older people, would be better managed through the grant making process, given it meets the criteria outlined above. On this basis, Committee is asked to agree the transfer of funding detailed in Appendix 4 to the grants portfolio.

Measures of success

- 4.1 That the need for any further health and social care waiver or contract extension requests in respect of block contracts is minimised and report recommendations allow Corporate Procurement Services and Health and Social Care to agree future contract renewal arrangements, which allow for full compliance with Contract Standing Orders, as amended in January 2015.

Financial impact

- 5.1 Budget provision for all recommended contracts has been made for 2015/16. Approval of recommendations will secure the delivery of savings totalling £108,356.

Risk, policy, compliance and governance impact

- 6.1 Report recommendations will provide for future compliance with Contract Standing Orders, reduce the need for future waivers and minimise the risks of legal challenge.

Equalities impact

- 7.1 The report's recommendations will have a positive equalities impact in terms of ensuring continuity of services, pending the completion of individual service and strategic planning reviews.

Sustainability impact

- 8.1 None arising directly from this report.

Consultation and engagement

- 9.1 The report's recommendations have been discussed with and, where appropriate, notified to the provider organisations listed in Appendices 1- 4.

Peter Gabbitas

Director of Health and Social Care

Contact: Chris Whelan, Contracts Manager

E-mail: chris.whelan@edinburgh.gov.uk | Tel: 0131 553 8362

Appendix 1

Contracts Recommended to be Awarded Under Contract Standing Order Waiver Arrangements for the period 1 April 2015 -31 March 2018

Organisation	Annual Contract Value
Edinburgh Voluntary Organisations Council	£ 150,682
Edinburgh Volunteer Centre	£ 72,920
Royal National Institute for the Blind	£ 378,322
Deaf Action	£ 213,014
Lothian Centre for Inclusive Living	£ 242,592
Edinburgh Cyrenians City Farm	£ 206,731
Autism Initiatives No 6 Service	£ 73,500
TOTAL	£1,337,761

Appendix 2

Mental Health and Wellbeing Contracts Recommended for Extension for the period 1 April 2015 – 31 March 2016

Barony Contact Point	£ 158,203
Health in Mind	£ 389,961
Legal Services Agency	£ 53,318
Link Up	£ 60,691
Living Well North Edinburgh	£ 73,964
North East Edinburgh Counselling Service	£ 62,249
Penumbra Crisis Centre	£ 199,500
Penumbra Self Harm Project	£ 84,550
Pilton Community Health Project	£ 51,804
Positive Help	£ 33,000
Saheliya	£ 143,336
SAMH Redhall Walled Garden	£ 180,736

Support In Mind Stafford Centre	£ 170,540
Waverley Care*	£ 372,219
Link In Craigmillar*	£ 130,407

*These organisations have delivered alternative savings

TOTAL	£2,164,478
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Appendix 3

Disability service contracts recommended for extension for varying periods.

Capability Scotland E2 Service	£ 55,682
Capability Scotland New Trinity Service	£ 365,950
Family Advice and Information Resource	£ 85,200
Edinburgh Development Group	£ 72,500
BEMAS	£ 75,875
TOTAL	£ 655,207

Appendix 4

Contract Recommended for Transfer TO Grants Portfolio

ACE IT	£ 71,060
TOTAL	£ 71,060

Finance and Resources Committee

2.00pm, Wednesday, 13 May 2015

Contract Award for Homeless Prevention - Young People's Services Foyer Approach

Item number	7.16
Report number	
Executive/routine	Executive
Wards	All

Executive summary

The commissioned services referred to in this report help the City of Edinburgh Council meet a range of statutory duties relating to homeless young people and Looked After young people. The purpose of this report is to seek approval to award 12 contracts for the duration of a pilot to third sector organisations that currently provide support to young people to prevent homelessness.

The Young People's Services foyer approach workstream includes visiting housing support, temporary accommodation and group work. This workstream forms part of a wider programme of collaborative working to achieve significant savings and rebalancing of services towards homelessness prevention. Increased integration with employability services will achieve better, more sustainable and longer term outcomes for young people, including getting them into work.

Overall savings of £318,298 have been achieved reducing the annual budgeted expenditure from £1,525,469 to £1,207,171 from August 2015.

Links

Coalition pledges	P8, P11, P13, P14, P32, P36
Council outcomes	C09, C10, C11, C13, C14, C16, C23, C25, C26
Single Outcome Agreements	S02, S03, S04

Contract Award for Homeless Prevention – Young People’s Services Foyer Approach

Recommendations

It is recommended that the Finance and Resources Committee:

- 1.1 Notes that overall savings of £318,298 have been achieved reducing the annual budgeted expenditure from £1,525,469 to £1,207,171 from August 2015.
- 1.2 Notes the collaborative work with service providers and other stakeholders carried out to date to achieve a foyer approach for the delivery of services to young people within Edinburgh with the aim of achieving the outcome of stable housing and jobs.
- 1.3 Approves the award of five contracts to provide visiting housing support to young people for the duration of an 18 month pilot (with an option to extend for a further six months to allow services to be re-procured). The organisations to be awarded contracts are: Barnardo’s; Dean and Cauvin Trust; Link Living; Places for People and the Rock Trust. The total annual value of the contracts from August 2015 is £466,798.
- 1.4 Approves the award of six contracts to provide accommodation in the form of hostels for the duration of an 18 month pilot (with an option to extend for a further six months to allow services to be re-procured). The organisations to be awarded contracts are Barnardo’s, Four Square (two contracts), Places for People, the Rock Trust and Y-People. The total annual value of the contracts from August 2015 is £724,003.
- 1.5 Approves the award of one contract to the Edinburgh City Youth Café to provide group work to young people for the duration of an 18 month pilot (with an option to extend for a further six months to allow services to be re-procured). The total annual value of the contracts from August 2015 is £16,370.
- 1.6 Notes that a further report will be provided to Committee identifying options for additional accommodation that can be used as part of the foyer approach.
- 1.7 Notes the review process for the pilot as outlined in section 3.22 and 3.23 of this report.

Background

- 2.1 On 6 September 2011, the Homelessness Prevention Commissioning Plan (the Plan) was agreed by Policy and Strategy Committee. This sets out the need to prevent homelessness wherever possible. The Plan was developed after extensive consultation and is part of the City of Edinburgh Council's wider City Housing Strategy 2012-2017.
- 2.2 On 11 November 2014, the Health, Social Care and Housing Committee considered a range of options to procure homeless prevention services for young people. Having considered the risks Committee agreed the preferred option was to undertake a collaborative pilot with the current providers of services and referred the report and its decision to Finance and Resources Committee. On 27 November 2014, following consideration, Finance and Resources Committee noted the report and decision of the Health, Social Care and Housing Committee.
- 2.3 On 13 February 2014, the Finance and Resources Committee agreed savings in the Revenue Budget Framework of £2,300,000 from the Commissioning budget between 2014/15 and 2016/17. The savings required from the young people's services have been met through the proposed contracts.

Main report

- 3.1 The services included in this report help the City of Edinburgh Council meet a range of statutory duties towards young people aged between 16 and 25 and provides:
 - accommodation to people who are assessed as homeless;
 - housing support to people assessed as homeless and requiring housing support;
 - support for young people to move into jobs; and
 - accommodation to young people who have been Looked After.
- 3.2 Progress has been made to reduce the number of young people becoming homeless. The number of 16 and 17 year olds becoming homeless in Edinburgh dropped from 270 to 145 per year between 2011/12 and 2013/14, however, the number of 16-24 year olds assessed as homeless remained around 1,000 per annum over the same period. There remains a need for specific services to prevent and resolve homelessness for young people in the city.
- 3.3 Service specifications have been co-produced by service users, service providers and the Council. They will achieve savings and deliver reshaped

services that are within the foyer approach approved by Health, Social Care and Housing Committee on 11 November 2014.

- 3.4 Foyers originally developed in France and subsequently in the UK from the 1990's as a response to the inter-related youth problems of homelessness and unemployment. They have been proven to succeed in helping young people overcome these challenges. The foyer can be in a single building or use a cluster of flats. The approach can also be adapted to support people in their own homes by creating a virtual foyer. The Edinburgh approach will bring together housing support, accommodation and employability services in both physical and virtual environments using existing service providers with future options for additional accommodation. Throughout the co-production, stakeholders asked for a consistent and streamlined referral process. As a result a pathway was developed for all services used by Throughcare and Aftercare and Homeless Assessment and Temporary Accommodation. The pathway will prioritise services to the most vulnerable young people and this may result in some young people who are less vulnerable receiving support from mainstream accommodation and support services.
- 3.5 Key changes to Young People's Services are:
- 1) Adoption of a new criterion to prioritise access to the service that changes the profile of service users to prioritise those most in need (16-17 year olds and Looked After) because they are considered particularly vulnerable.
 - 2) The introduction of a focus on employability for those who are able to able to sustain engagement with employability services and pre-skills for those not currently able to sustain engagement.
 - 3) A new coordinated referral route for all of the commissioned accommodation under this work stream where all of the places will be allocated from either Throughcare and Aftercare or Homelessness Assessment and Temporary Accommodation.
 - 4) A pooled resource of accommodation for all young people rather than separate accommodation for young people who are homeless and other accommodation for young care leavers.
 - 5) Payments focussing on occupancy rates and the outcomes individuals achieve, rather than block contracts for accommodation or the hours of support provided by visiting support or group work services. This will give providers greater flexibility to engage young people with support and deliver the sustainable outcomes to help young people avoid becoming homeless.

- 6) Standard rates for similar accommodation and for all visiting housing support services.
 - 7) The introduction of standard case management across providers in line with the Getting It Right For Every Child (GIRFEC) model.
 - 8) Agreement from providers to provide written updates to Case Managers in the City of Edinburgh Council where the service is not the lead.
 - 9) A simplified reporting process focussing on the outcomes that people achieve and minimising time spent on administration.
- 3.8 The proposed foyer approach will involve coordinated work between commissioned homelessness and employability services, Throughcare and Aftercare and Homelessness Assessment and Temporary Accommodation. The proposed services form a coordinated pathway through two delivery mechanisms that include:
- temporary and supported accommodation; and
 - visiting housing support (and a small amount of group work).
- 3.9 These delivery mechanisms will work in closer partnership through the pilot. As a result of feedback visiting housing support services will begin to work with young people before they move out of commissioned accommodation. This will ensure a coordinated transition between services, ensuring continuity of support resulting in more young people sustaining a tenancy when they leave supported accommodation.
- 3.10 The Foyer services will have pathways with the five Employability Hubs commissioned by Economic Development to achieve employability outcomes for young people. In addition, Economic Development have submitted an application to the Department for Work and Pensions for a one year employability pilot that will be fully integrated with the Foursquare accommodation services to provide a foyer in the city. The success of this initiative will ultimately be measured by the number of young people who are successful in securing jobs.

Accommodation

- 3.11 The accommodation services will provide support that will be tailored to the young person's needs. Support will include:
- short-term accommodation for people in crisis while support or mediation is provided to help them return to their existing home;
 - medium term accommodation for young people who are homeless and cannot return to their existing home;
 - provision of long term accommodation up to two years should be provided

to enable them to develop the skills for independent living;

- access to jobs for those who are able to engage with employability services, and pre-skills for those currently unable to sustain engagement;
- an environment where the young people feel safe;
- housing options advice;
- support to develop independent living skills; and
- support to move them into settled accommodation.

3.12 Where young people are homeless they will be provided with temporary accommodation to meet their immediate needs. The accommodation includes a mix of shared accommodation in hostels and flats. The flats are mainly single occupancy but include some two bedroom properties for young people with children. This will be allocated by either Homelessness Assessment and Temporary Accommodation or the Throughcare and Aftercare panel.

3.13 There will be closer working with support and mediation services to ensure that, where it is safe to do so, as many young people as possible are able to return to the family home. It is expected that the pilot will result in a reduction in length of stay for young people staying in temporary accommodation, prior to finding a settled home.

3.14 Young people often move between accommodation providers, with the total length of time spent in all temporary accommodation being around nine months. Throughout the pilot we will work with young people and providers to reduce this movement thereby helping young people maintain important support relationships and help them achieve sustainable moves into settled accommodation.

3.15 The services will help to prevent homelessness by providing young people with support to gain employability and independent living skills and moving them into sustainable settled accommodation.

3.16 Accommodation providers will be paid based on both the occupancy rates at the accommodation and the outcomes that they support young people to achieve.

Visiting Housing Support

3.17 The visiting housing support will ensure sustainable outcomes by:

- resolving and preventing homelessness and providing support as required by the Housing (Scotland) 2010 Act;
- developing financial and budgeting skills;
- helping young people get support from employability services so they can

enter training, education and employment;

- providing benefits advice (including changes due to Welfare Reform) and encouraging financially responsible behaviour;
- supporting young people with tenancy issues (including leases, repairs, deposits, notices and encouraging responsible behaviour among young tenants);
- advising on housing options (including private renting, social renting, owner occupation, shared ownership, mid-market rent, supported accommodation, sharing, subletting, and managing moves due to changes in welfare benefits);
- supporting young people where there is relationship breakdown (with household, neighbours, and landlords); and
- developing the young person's independent living skills (as set out in the Life Skills Matrix).

3.18 Young people will be able to access visiting housing support primarily through referrals from the foyer type accommodation services, Homelessness Assessment and Temporary Accommodation and the Throughcare and Aftercare Panel.

3.19 Visiting housing support will be provided to young people who are living in their own tenancies but are at risk of becoming homeless and to people in temporary accommodation to help them get a home.

3.20 Support will no longer be restricted to face to face visiting support to the young person in their home; Providers will have the flexibility to provide support in the way that best meets the needs of the individual and will focus on the outcomes the young person will achieve.

Group Work

3.21 A small amount of group work will be commissioned as part of the foyer approach. Group work is an effective alternative way for some people to learn employability and independent living skills and compliments one to one visiting support. Edinburgh City Youth Café will support around 30 young people per year through the group work service.

Review of the Pilot

3.22 There will be a review of the foyer approach pilot. The purpose of the review is to:

- review the number of young people who get support and the outcomes young people achieve with the help of providers;

- ensure payment by person/occupancy and outcomes are challenging, but do not make services financially unviable;
- identify good practice; and
- inform the development of service specification for the re-commissioning of services after the pilot.

3.23 The review will take account of the performance of the service and external monitoring by the Care Inspectorate. The review will also include feedback from other services, a full range of stakeholders from within the City of Edinburgh Council, and service users.

Options for Additional Capacity

3.24 Reshaping the existing services represents the first phase to introduce the foyer approach in Edinburgh. Work is underway to identify options to deliver additional accommodation that can be used in the foyer approach. A report will be submitted to Committee to provide an update on the options and seek permission for any recommended procurement.

Measures of success

4.1 Reshaped services in the foyer approach will:

- Prevent homelessness by:
 - Achieving 95% occupancy rate across accommodation for young people;
 - Helping at least 70% of the target number of young people worked with to access or keep settled accommodation;
 - Helping at least 80% of the target number of young people worked with to achieve core skills outlined in the Life Skills Matrix; and
 - Helping at least 60% of the target number of young people worked with to engage with employability services.
- The pilot will measure the effectiveness of young people securing jobs.
- Support at least 470 young people during the pilot year. Achieve savings of at least 13.5% against the Young People's workstream budget for 2014/15.

Financial impact

5.1 On 13 February 2014, as part of the annual budget setting process, the City of Edinburgh Council approved a reduction in the budget for externally

commissioned housing advice and support services. This totalled £2,300,000 over three years between 2014/15 and 2016/17.

- 5.2 Following a small efficiency saving of 1.1% applied to contracts for 2014/15, budget reductions of around 13.5% have been built into the young people's services contracts for group work and visiting housing support for the duration of the pilot. Revised rates have already been agreed with the accommodation providers but some are still in negotiation.
- 5.3 The total annual value of the contracts currently awarded under this work stream is currently £1,525,469. From August 2015 the total annual value of the contracts will be £1,207,171 delivering savings of £318,298. If contracts for the 18 month pilot are extended for a maximum of six months to allow re-procurement, the total costs associated with the contracts over 24 months will be £2,414,143 delivering savings of £636,794.

Risk, policy, compliance and governance impact

- 6.1 The proposals for young people are part of the implementation of the Plan that was approved by the Policy and Strategy Committee on 6 September 2011.
- 6.2 The contracts for the pilot have incorporated savings of £300,000 in the first year and contain a clause that allows further savings to be applied with appropriate notice, in the event that further reductions are required. Negotiations have taken place with providers to ensure savings are achieved in line with the strategic goals of the City of Edinburgh Council.
- 6.3 The previous report to Finance and Resources Committee, on 27 November 2014, identified the risks associated with the Committee's favoured option to work with existing providers rather than tender the contracts.
- 6.4 There is a risk of challenge against the awarding of contracts which have not been tendered. Such challenges could come from providers interested in delivering a similar range of services. However, this should be minimal because the proposal is to pilot new services for a relatively short timescale, with the intention to tender reconfigured services following the review. Additionally, Finance and Resources Committee agreed the approach on 27 November 2014 and no challenge against the approach has been made.
- 6.5 If the pilot is not progressed new risks will be created. Providers have negotiated to date in good faith and there is a risk of reputational damage if the Council now decides to go out to tender.
- 6.6 Delays in commissioning increases the risk that efficiencies will not be achieved. Without the realignment to the proposed model there will be an increased risk of a reduction in the amount of support young people get and a

greater risk of services becoming financially unviable. Without the pilot there is no immediately available way to provide the new foyer approach.

- 6.7 A Check Point Group, which involves providers, service users, trade unions and other stakeholders, is in place to oversee the consultation and communication of the Plan. The group met in August 2014 to commence oversight of the consultation process for young people's services. In March 2015 the group approved the consultation that had taken place to date in the Young People's work stream. The group will continue to have oversight of all of the work streams in the Plan.

Equalities impact

- 7.1 An Equalities and Rights Impact Assessment (ERIA) was completed for the Plan and a further assessment has been carried out in respect of the proposals for the Young People's work stream.
- 7.2 This pilot will have a positive impact by helping young people to find work or training, retain a home and access mediation to resolve family disputes. This will apply to all protected characteristics.
- 7.3 If current services are decommissioned, there is potentially a negative impact on service users. However, this risk could be mitigated by supporting service users to find alternative provision or to make the transition to new commissioned services. This would impact across all protected characteristics.

Sustainability impact

- 8.1 The proposal in this report will help achieve a sustainable Edinburgh and will impact positively on local communities and businesses. The services will also have a positive impact on social cohesion and inclusion, and promote personal wellbeing through the proposals to prevent homelessness, enhance independent living skills and promote employability.
- 8.2 The impacts of this report have been considered in relation to the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties. Relevant City of Edinburgh Council's sustainable development policies have been taken into account.

Consultation and engagement

- 9.1 Initial consultation was carried out with service providers and stakeholders from within the City of Edinburgh Council between May and July 2014 to identify the services that people use, service users' needs, the context, gaps in service provision, and potential types of services that can help young

people avoid becoming homeless. The consultation was used to develop the broad direction for services that was subsequently approved by Health, Social Care and Housing Committee on 11 November 2014.

- 9.2 There was extensive co-production to develop the service specifications between August 2014 and January 2015. Staff and service users from all of the current services played a key role in the co-production. Staff from Throughcare and Aftercare, Homelessness Assessment, Temporary Accommodation and Economic Development were integral to the co-production of service specifications.
- 9.3 A number of methods were used to engage stakeholders throughout the co-production to ensure it was inclusive. This included surveys, focus groups, one to one meetings and group negotiations. As a result, all of the components of the service specifications were co-produced including:
- entry criteria for services;
 - descriptions of the type of support to be offered;
 - measurements of the effectiveness of services;
 - targets for the number of young people to receive services and achieve outcomes; and
 - payment rates.
- 9.4 The co-production was overseen by the Check Point Group, which includes service users, providers and stakeholders from the third sector and across the City of Edinburgh Council.

Background reading/external references

[Homelessness Prevention Commissioning Plan, Policy and Strategy Committee, 6 September 2011](#)

[Homeless Prevention Commissioning Plan, Health, Social Care and Housing Committee, 11 November 2014 - Young People's Service and Foyer Approach Update](#)

[Homeless Prevention Commissioning Plan, Finances and Resources Committee, 27 November 2014 - Young People's Service and Foyer Approach Update](#)

John Bury

Acting Director of Services for Communities

Contact: Graeme Fairbrother, Acting Commissioning Manager

E-mail: graeme.fairbrother@edinburgh.gov.uk | Tel: 0131 469 3503

Links

Coalition pledges

P8. Make sure the city's people are well-housed, including encouraging developers to build residential communities, starting with brownfield sites.
P11. Encourage the development of co-operative housing arrangements.
P13. Enforce tenancy agreements (council and private landlord) with a view to ensuring tenants and landlords fulfil their good conduct responsibilities.
P14. Strengthen Council housing allocation policy to give recognition to good tenants and to encourage responsible tenant behaviour and responsibilities.
P30. Continue to maintain a sound financial position including long-term financial planning.
P32. Develop and strengthen local community links with the police.
P36. Develop improved partnership working across the Capital and with the voluntary sector to build on the "Total Craigroyston" model.

Council outcomes

C09. Edinburgh residents are able to access job opportunities
C10. Improved health and reduced inequalities
C11. Preventative and personalised support in place
C13. People are supported to live at home
C14. Communities have the capacity to help support people
C16. Well-housed – People live in a good quality home that is affordable and meets their needs in a well managed
C23. Well engaged and well informed – Communities and individuals are empowered and supported to improve local outcomes and foster a sense of community
C25. The Council has efficient and effective services that deliver on objectives
C26. The Council engages with stakeholders and works in partnership to improve services and deliver on agreed objectives

Single Outcome Agreement

S02. Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health
S03. Edinburgh's children and young people enjoy their childhood and fulfil their potential

Appendices

S04. Edinburgh's communities are safer and have improved physical and social fabric
Appendix 1: Contract Awards and Values (12 months)

Appendix 1: Contract Awards and Values (12 months)

Visiting Housing Support

Provider	Contract Type	Annual Equivalent Value (from Aug 2015)	Maximum Value (18 months plus 6 month extension)
Barnardos	Visiting	£30,746.04	£61,462.04
Dean and Cauvin Trust	Aftercare	£49,379.98	£98,714.98
Link Living	Young Persons' Service	£279,866.47	£559,714.47
Places For People	Horizons	£48,686.30	£97,342.30
Rock Trust	Mainstay	£58,118.71	£116,212.71

Accommodation

Barnardos	Care Leavers	£26,000.00	£52,000.00
Places For People	Care Leavers	£36,400.00	£72,800.00
Rock Trust	Care Leavers/ Bedrock	£161,200.00	£322,374.80
Foursquare	Number 20	£99,840.00	£199,655.17
Foursquare	Stopover	£266,240.00	£532,480.00
Y- People	West Pilton View	£134,323.28	£268,646.56

Group work

City Youth Cafe	Keysteps	£16,370.12	£32,740.22
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Total		£1,207,170.90	£2,414,143.25
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Finance and Resources Committee

2.00 p.m, Wednesday, 13 May 2015

Proposed lease of Custom House, Commercial Street, Leith

Item number	7.17
Report number	
Executive/routine	Executive
Wards	Leith

Executive summary

On 21 August 2014, the Council approved the acquisition of the Custom House, Leith, with the purchase completing on 7 April 2015. The Council also resolved that a Short Life Working Group be set up to oversee the restoration of the building for a museum/heritage purpose. The Group has identified the Scottish Historic Buildings Trust (SHBT) as a suitable partner.

This report provides an update on progress, and seeks approval to grant an initial five year, followed by a 99 year lease, to SHBT.

Links

Coalition pledges	P23
Council outcomes	CO7 ; CO19 ; C20
Single Outcome Agreement	SO1

Proposed lease of Custom House, Commercial Street, Leith

Recommendations

It is recommended that Committee:

- 1.1 Approves the grant of an initial five year internal repairing lease, and a further 99 year full repairing and insuring lease, of Custom House to the Scottish Historic Buildings Trust, on the terms and conditions contained in this report, and on other terms and conditions to be agreed by the Acting Director of Services for Communities and the Head of Legal, Risk and Compliance.

Background

- 2.1 On 21 August 2014, the Council approved a motion for the acquisition of Custom House, with the intention of securing an appropriate use of the building for museum/heritage purposes for the benefit of Leith and the wider city. The Council acquired Custom House on 7 April 2015.
- 2.2 The Council's strategy was to secure a suitable third party organisation that would create the museum/heritage facility accommodating Leith collections to enhance the city's cultural offering. Culture and Sport would assist in coordinating stakeholders, and the gathering of Leith collections for display. The intention is to deliver the new facility on a revenue neutral position to the Council.
- 2.3 The Council also approved the establishment of a Short Life Working Group (SWG), to provide guidance, and have oversight of the final proposals for the building's future.
- 2.5 The SWG has met on four occasions and is chaired by the Convener of Culture and Sport. Membership includes local ward councillors and senior officers representing relevant Council services. Interested third parties, including local groups, also attended with the Leith community well represented. The remit of the Working Group was:
 - To monitor and scrutinise regular progress updates and reports from the Project Team;
 - To provide feedback on the updates and reports;
 - To act as a sounding board on development proposals from third parties; and
 - To make recommendations to appropriate committees for progress reporting and decisions.

Main report

- 3.1 The SWG has identified the Scottish Historic Buildings Trust (SHBT) as a suitable third party to facilitate the restoration of the building, and enable it to be used for museum/heritage purposes to benefit Leith and the wider city.
- 3.2 SHBT is a charitable organisation dedicated to regenerating significant historic buildings, for the benefit of others, through conservation and sustainable re-use. It is a not-for-profit Building Preservation Trust and does not receive any core funding for its work. SHBT usually takes ownership or a long lease of a historic building to secure its re-development and sustainable future, taking the project from inception to completion, to ensure that the property is properly cared for and managed in the longer term.
- 3.3 SHBT proposes to lease Custom House for five years on internal repairing terms, while it sources an estimated £10m external funding, expected to be required to fully restore the building.
- 3.4 Provisional agreement has been reached with SHBT on the terms of the five year lease which are as follows:-
- Subjects: Custom House, Commercial Street, Leith;
 - Tenant: Scottish Historic Buildings Trust (SHBT);
 - Term: Five years;
 - Rental: £1 per annum, if asked;
 - Use: Arts/Community hub whilst plans are developed for a suitable use which will incorporate a museum/heritage facility to benefit Leith and the wider city;
 - Repairs: Internal repairing only. The Council as landlord to be responsible for external repairs;
 - Costs: Each party to bear their own costs; and
 - Other: The lease may be terminated, to be replaced by the long term lease if funding is obtained earlier than anticipated.
- 3.5 On the basis that SHBT is successful in raising the capital to complete the restoration of the building, at the end of the five year lease, or earlier if funding is secured, SHBT will be granted a 99 year lease.
- 3.6 The provisionally agreed terms of the 99 year lease are as per those for the five year lease other than it will be on a full repairing and insuring basis and the main use will incorporate a museum/heritage purpose for the benefit of Leith and the wider city.
- 3.7 SHBT has formed a partnership with Out of the Blue Arts and Education Trust (Out of the Blue) and, pending legal completion of the initial five year lease, have

been offered a month to month tenancy of the property at £1 per month under delegated powers.

- 3.8 Out of the Blue will operate from the building while SHBT work on the longer term project to restore the building in partnership with the Council and local community groups. Out of the Blue is a social enterprise with previous experience of restoring and occupying listed buildings. The let will help to mitigate the Council's costs pending longer term arrangements.
- 3.9 The SWG also considered a number of alternative options to the solution proposed as follows;
- Mothball the building until funds can be raised to restore it - This option would require the Council to meet the vacant building costs such as security, utilities, and essential repairs. The building will also continue to deteriorate if it is unoccupied, and will therefore increase restoration costs in the longer term. For these reasons this option was discounted;
 - Market the building for short and long term uses to obtain best value - The SWG rejected this on the basis that they have already identified a tenant as a suitable third party partner for the project, which would achieve the overall aims for the Council's purchase; and
 - Allow the building to be used by the Council to provide local services - This option was suggested as part of the Council's locality study, but rejected on the basis that it would not meet the criteria for which the building was purchased.

Measures of success

- 4.1 To secure a lease to an appropriate organisation in order to secure and fund the appropriate long term future use of the building with a museum/heritage purpose for the benefit of Leith and the wider city.

Financial impact

- 5.1 The total cost to the common good fund including fees and taxes for the acquisition of the property is expected to be approximately £700,000.
- 5.2 The letting to SHBT will alleviate the Council of responsibility for utilities, internal maintenance and other building costs. However, the Council will be responsible in the short and medium term for external repairs and insurance. These repair costs will be minimised by the initial capital expenditure as set out in paragraph 5.3. The insurance premium is estimated to be approximately £10,000 per annum and will be met from the Culture and Sport Revenue budget.
- 5.3 Discussions took place with SHBT to identify appropriate works to the interior and exterior of the building. Under the Scheme of Delegation, a budget of £110,000 was identified, by re-prioritisation of Culture and Sport's allocation of

Capital Asset Management Funds, to carry out minor works to allow the occupation of the building.

- 5.4 SHBT expects to raise approximately £10m to fund the restoration of the building within the next five years.
- 5.5 A feasibility study is required to develop a master plan, in consultation with the community, for the long term future of the building. This will develop and design the project so that an application can be submitted to external funding bodies, such as the Heritage Lottery Fund and Creative Scotland, to realise the estimated £10m required to restore the building. The cost of the feasibility study and master plan is estimated to be £50,000. Funding has been allocated for this from the balance of available resources as set out in the Council's approved budget motion.
- 5.6 The Council's legal fees are estimated to amount to approximately £10,000 to prepare the 5 and 99 year leases. These costs would need to be met from the existing Culture and Sport revenue budget.

Risk, policy, compliance and governance impact

- 6.1 The risk identified within the previous committee report was that if negotiations were not concluded before the date of acquisition, the Council would be required to meet the ongoing revenue costs such as security, rates, insurance and repairs. Should the building require some capital improvement/enabling works, the Council would also be required to meet these costs. The costs were considered as part of the 2015/16 budget process. This risk has been mitigated to an extent by securing a short term let for the building, and agreeing that the tenant(s) will be responsible for all utilities and running costs of the building and will undertake the cost of some repair works.
- 6.2 There is a risk that the chosen tenant may be unable to raise the full funding anticipated and may approach the Council for additional financial assistance.
- 6.3 There is a procurement risk if the Council seeks to impose too many conditions in the lease SHBT, i.e., to the extent that it could be construed as procuring services. This can be mitigated by ensuring that the lease is appropriately drafted.

Equalities impact

- 7.1 Allowing this building to be let in the short term will ensure that it is brought into use for a number of different activities, which will mean that it becomes accessible to the public for the first time in many years, enhancing the right to individual family and social life.
- 7.2 The building was acquired by the Council in order to secure appropriate use with a museum/heritage purpose for the benefit of Leith and the wider city. SHBT intends to invest £10m in restoring the building, which will enhance the right to productive and valued activities.

- 7.3 The future use will involve interpreting the history of Leith and make available collections to be viewed by the general public. It should also encourage an understanding of the rich history of the area, and the people who have lived and worked there in the past and present. The short term use will provide space for artists and other cultural arts. Both uses will enhance the right to education and learning.
- 7.4 As the building will be used for a number of purposes initially, it will be available for use by various diverse community groups. The longer term use should encourage an understanding of the history of the area, inspiring those who visit to participate in their community. This enhances the right to identity, expression and respect, participation, influence and voice.
- 7.5 The opportunity to occupy the building was not advertised on the open market on the recommendation of the SWG, which is considered to be representative of the community's views. SHBT aims to regenerate local communities and the historic environment by bringing historic buildings back in to use and, as such, it is considered to be an appropriate organisation to lease the building. While leasing the property in an off market arrangement may be a potential infringement of rights, it is considered to be proportionate and justified given the benefits outlined above.
- 7.6 A positive impact of the duty to advance equality of opportunity in terms of age and disability is that the building will become more accessible generally. It was not previously open to the public and will become fully accessible to all, including those with protected characteristics, in the longer term once the restoration is complete. However, as the building is category A Listed, access may be limited to some areas of the building until it is fully restored which, in the short term, may be seen as a negative impact in terms of the duty to eliminate unlawful discrimination. This will be mitigated by the building users managing the situation through their service delivery practices until the restoration takes place.

Sustainability impact

- 8.1 The impacts of this report in relation to the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties have been considered, and the outcomes are summarised below:
- The proposals in this report will reduce carbon emissions because the new use for the building will not require specialised regulated heating and ventilation;
 - The need to build resilience to climate change impacts is not relevant to the proposals in this report because this is a Grade A Listed building, which is being used on a temporary basis whilst funding for its restoration is being sought; and
 - The proposals in this report will help achieve a sustainable Edinburgh as both the short and longer term uses for the building will secure an appropriate use of the building with a

museum/heritage purpose for the benefit of Leith and the wider city. The building will be brought back in to use for the local and wider community, and any natural resources used will restore and preserve the building for use by current and future generations.

Consultation and engagement

9.1 Consultation has taken place through the Custom House Short Life Working Group, whose members include various relevant local groups.

Background reading/external references

Minute of the City of Edinburgh Council, 21 August 2014.

John Bury

Acting Director of Services for Communities

Contact: Julia McVean, Estates Surveyor

E-mail: julia.mcvean@edinburgh.gov.uk | Tel: 0131 529 4320

Links

Coalition pledges	P23 - Identify unused Council premises to offer on short low-cost lets to small businesses, community groups and other interested parties.
Council outcomes	CO7 - Edinburgh draws new investment in development and regeneration. CO19 – Attractive Places and Well Maintained – Edinburgh remains an attractive city through the development of high quality buildings and places and the delivery of high standards and maintenance of infrastructure and public realm. CO20 – Culture, sport and major events – Edinburgh continues to be a leading cultural city where culture and sport play a central part of the lives and futures of citizens.
Single Outcome Agreement	SO1 - Edinburgh's Economy Delivers increased investment, jobs and opportunities for all. Edinburgh Communities are safer and have improved physical and social fabric.
Appendices	None.

Finance and Resources Committee

2.00 pm, Tuesday, 13 May 2015

21st Century Homes – Development of the Site at North Sighthill – referral from the Health, Social Care and Housing Committee

Item number	7.18
Report number	
Wards	Sighthill/Gorgie

Executive summary

The Health, Social Care and Housing Committee on 21 April 2015 considered a report on proposals on the development of the North Sighthill site and requested Committee sought approval to invite tenders for the development of the site from the Finance and Resources Committee. A mixed tenure housing development was proposed for the site. Committee was therefore asked to agree that part of the site was declared surplus to the requirements of the Housing Revenue Account (HRA) and made available for disposal for development of private housing.

Links

Coalition pledges	See attached report
Council outcomes	See attached report
Single Outcome Agreement	See attached report
Appendices	See attached report

Terms of Referral

21st Century Homes – Development of the Site at North Sighthill

Terms of referral

- 1.1 On 21 April 2015 the Health, Social Care and Housing Committee considered an update report by the Acting Director of Services for Communities on proposals for the development of the North Sighthill site and requested Committee sought approval to invite tenders for the development of the site from the Finance and Resources Committee.
- 1.2 A mixed tenure housing development was proposed for the site. Committee was therefore asked to agree that part of the site be declared surplus to the requirements of the Housing Revenue Account (HRA) and made available for disposal for development of private housing. The Committee was advised that following discussions it had been agreed that the matter no longer required to be referred to the Economy Committee for consideration
- 1.3 The following vote took place:

Motion

- 1) To proceed with housing development at the North Sighthill site, within the context of the Planning Permission in Principle dated 25 October 2013.
- 2) To declare part of the site surplus to the operational requirements of the Housing Revenue Account (HRA) and available for disposal for development of private housing.
- 3) To adopt a “fabric first” approach to energy efficiency across the site, with heating provided through high efficiency, individual gas boilers.
- 4) To refer the report to Finance and Resources Committee for approval to make land available for disposal and to invite tenders for the development of Council homes and private housing.

- moved by Councillor Ricky Henderson, seconded by Councillor Day

Amendment

- 1) To proceed with housing development at the North Sighthill site, within the context of the Planning Permission in Principle dated 25 October 2013.

- 2) To declare part of the site surplus to the operational requirements of the Housing Revenue Account (HRA) and available for disposal for development of private housing.
- 3) To request further information on energy provision at North Sighthill including comparative projected costs of energy bills and CO2 emissions from gas boilers, district heating and passivhaus technology.
- 4) To refer the report to Finance and Resources Committee for approval to make land available for disposal and to invite tenders for the development of Council homes and private housing.

- moved by Councillor Booth, seconded by Councillor Chapman.

Voting

The voting was as follows:

For the motion	-	11 votes
For Amendment	-	2 votes

Decision

To approve the motion by Councillor Ricky Henderson.

For Decision/Action

- 2.1 The Finance and Resources Committee is asked to make the land available for disposal and to invite tenders for the development of Council homes and private housing.

Background reading / external references

Health, Social Care and Housing Committee 21 April 2015.

Carol Campbell

Head of Legal, Risk and Compliance

Contact: Blair Ritchie, Assistant Committee Clerk

E-mail: blair.ritchie@edinburgh.gov.uk | Tel: 0131 529 4283

Links

Coalition pledges	See attached report
Council outcomes	See attached report
Single Outcome Agreement	See attached report
Appendices	See attached report

Health, Social Care & Housing Committee

10.00am, Tuesday, 21 April 2015

21st Century Homes - development of site at North Sighthill

Item number

Report number

Executive/routine

Executive

Wards

Sighthill/Gorgie

Executive summary

This report sets out the proposals for the development of the North Sighthill site and asks Committee to agree to seek approval to invite tenders for the development of the site from Economy and Finance & Resources committees. A mixed tenure housing development is proposed for the site. Committee is therefore asked to agree that part of the site is declared surplus to the requirements of the Housing Revenue Account (HRA) and is made available for disposal for development of private housing.

Housing development at North Sighthill will continue to create opportunities for community engagement, with co-operative approaches proposed for the management of new Council homes. Designs are currently being developed for Council homes to enable an Approval of Matters specified by Condition (AMC) application to be submitted to the Planning Service by July 2015. An Official Journal of the European Union (OJEU) notice was placed on 30 March 2015 and tenders will be invited for the project if the AMC is granted and committee approval given to go out to tender. It is anticipated that works will commence on site in early 2017, once the procurement process is complete and the developer has completed design work and secured statutory consents.

Housing regeneration at North Sighthill will assist the Council to meet a number of social and economic outcomes. It will make a significant contribution to the delivery of Capital Coalition Pledges 8 and 9.

Links

Coalition pledges

[P8, P9, P17,](#)

Council outcomes

[CO7, CO13, CO16](#)

Single Outcome Agreement

[SO4](#)

21st Century Homes - development of site at North Sighthill

Recommendations

It is recommended that Health, Social Care & Housing Committee:

- 1.1 Agrees to proceed with housing development at the North Sighthill site, within the context of the Planning Permission in Principle dated 25 October 2013.
- 1.2 Agrees to declare part of the site surplus to the operational requirements of the Housing Revenue Account (HRA) and available for disposal for development of private housing.
- 1.3 Agrees to adopt a “fabric first” approach to energy efficiency across the site, with heating provided through high efficiency, individual gas boilers.
- 1.4 Agrees to refer this report to Economy Committee for approval to make land available for disposal and to invite tenders for the development of Council homes and private housing, subject to ratification by the Finance and Resources Committee.

Background

- 2.1 Development of the North Sighthill site was included in the 21st Century Homes business case approved by Health, Social Care and Housing Committee on 3 March 2009.
- 2.2 Between November 2006 and March 2013, a total of 451 households at North Sighthill were re-housed and a community centre and library re-provisioned to create a site for a new build housing development. There has been significant public consultation leading to the development of a Masterplan and a housing and public realm Design Guide. These were developed in consultation with the North Sighthill Development Group (which includes representatives from the North Sighthill Residents Association, the Community Council, Napier University, Edinburgh College, Edinburgh Tenants Federation, the Sighthill medical centre, fire station and Parks).
- 2.3 On 12 August 2010, Planning Permission in Principle (PPiP) was secured for the development of 320 Council and private homes on the site, with ancillary community facilities. The consent was renewed on 25 October 2013. A location plan is included at Appendix 1 and the approved Masterplan is included at Appendix 2.

- 2.4 On 27 January 2014, Napier University presented a proposal to councillors to acquire the site and develop it for academic use. This interest was considered and consultation undertaken with local members and the Council leadership.
- 2.5 An appraisal of the options was undertaken, including an Economic Impact Assessment. The results were considered by the Council's Corporate Management Team, in consultation with the council Leadership and local ward members. In June 2014, it was decided by Corporate Management Team and the Council leadership that the preference was to proceed with the housing proposal which had outline planning consent and funding in place and met the aspirations of the local community for the site.
- 2.6 In an attempt to meet the ambition of Napier for an access road a feasibility study was undertaken to investigate the possibility of developing a new access road from Broomhouse Road. The feasibility study was funded by Napier University. The proposal was that the road would serve the university and the new housing development. Between November 2014 and January 2015, consultation took place with the North Sighthill Development Group, the Community Council and ward Councillors regarding the access route. On 13 January 2015, the university advised officials that it did not wish to proceed with this option.

Main report

- 3.1 The delivery of the 21st Century Homes Programme is well advanced, with affordable housing completed at Gracemount, Greendykes and West Pilton Crescent. Over 700 homes are in development at Pennywell and tenders received for new Council homes at Leith Fort. The programme will deliver over 1,400 new homes, over 700 of which will be affordable. The programme has been a catalyst for wider regeneration and has brought the Council recognition as a successful house builder, which has been evidenced through awards.
- 3.2 North Sighthill is the only remaining site within the original 21st Century Homes programme that has not progressed. Work to develop housing designs and developer procurement was delayed whilst options put forward by Napier University were considered by the Council.
- 3.3 The Masterplan made provision for up to 320 homes and ancillary community facilities based on a mixed tenure model of around 50% affordable housing and 50% private housing. Following soft market testing with developers, the original proposals for the site were revised in order to respond better to need and demand for affordable and private housing in the area. The proposals also required to be amended in order to comply with current planning guidance which requires more parking for mid-rent housing.
- 3.4 The housing mix proposed in the Masterplan was heavily weighted towards the provision of flats (80% flats to 20% houses). Soft market testing of the Masterplan proposals with private developers has indicated that market demand in the area is for family houses with, wherever possible, in-curtilage car parking.

Increasing the number of houses with in-curtilage car parking, together with an increase in parking provision for mid-rent housing to comply with current planning guidance, has resulted in an overall reduction in the number of homes that can be developed on the site, from around 320 to 250 homes. It is anticipated that the number of homes available for sale and mid-rent on the site may reduce but there will be no reduction in the number of homes proposed for social rent. This remains at 96 homes. The detailed design will develop the principles set out in the Masterplan for a tenure-blind development set in a high quality public realm. Other Council developments such as Gracemount and Pennywell also adopt this principle, meaning it should not be possible for an observer to discern property ownership (i.e. Council or private) from the exterior. The purpose is to support mixed, sustainable communities.

- 3.5 Appendix 3 shows the areas identified for private and affordable housing. The area shaded blue has been identified for private housing and is therefore, considered to be surplus to the requirements of the HRA. Committee is requested to agree that this area is surplus to the requirements of the HRA.

Energy Strategy

- 3.6 The Council is committed to tackling fuel poverty and delivering energy efficient homes that are “cheap to heat”. In November 2014, the Programme Board commissioned a review of the energy strategy for the North Sighthill site. The subsequent report indicated that both district heating and high efficiency individual gas boilers could assist the Council to achieve its objectives in relation to energy efficiency, and tackling fuel poverty. The estimated annual energy costs for both options were similar, but the capital costs of district heating were £2 million more. As well as the additional capital costs to the Council, the installation of district heating would increase developer costs in respect of private housing which would likely impact on capital receipts paid to the Council.
- 3.7 The introduction of a district heating proposal, at this stage, could also impact on the ability to deliver a site start by 2017, due to the additional feasibility work that would be required. It is, therefore, proposed to adopt a “fabric first” approach across the site with heating provided through high efficiency, individual gas boilers.
- 3.8 The 21st Century Homes programme has introduced district heating schemes in two developments at West Pilton and Greendykes. Other developments at Fort, Pennywell and Gracemount have adopted a fabric first approach using a high standard of insulation on walls and roofs, along with highly efficient individual gas boilers for heating. The energy strategy is considered on a site by site basis taking into account the most effective balance between the capital cost of the options available, the most efficient form of heating and the wider regeneration outcomes sought for the area. Committee is asked to approve the proposed energy strategy.

Community Facilities

- 3.9 Consultation has taken place with the local community and ward councillors regarding community facilities on the North Sighthill site. Community facilities on the North Sighthill site were successfully re-provisioned to the Gate 55 community hub in 2010. Whilst it is acknowledged that the community would wish to see community facilities replaced at North Sighthill, there is no Council funding available to support this. It is, therefore, proposed to develop the area to the north west of the site, previously identified for ancillary facilities, for affordable housing and retail provision. There is no change proposed in relation to the retail facility of 250 square meters proposed in the Masterplan. This will be developed as a retail shell alongside affordable housing. In the event that a user cannot be found for the facility it could be changed to housing, subject to Planning consent.
- 3.10 Cooperative approaches to the management of new Council homes have been successfully piloted at Gracemount, Greendykes and West Pilton Crescent. It is proposed to build on this approach, with opportunities provided for new residents to be involved in the design of open space and ongoing management and maintenance of the estate, through a residents association.
- 3.11 Detailed designs for the Council housing are being developed to enable an Approval of Matters specified by Condition (AMC) application to be submitted for Council housing by July 2015. Tenders cannot be invited to build homes prior to granting of planning permission but, in order to accelerate the development of the site, an Official Journal of the European Union (OJEU) notice will be placed in March and Pre-Qualification Questionnaires issued and evaluated so that a shortlist of developers is in place for tendering purposes.
- 3.12 Subject to approval of this report, and in line with the Committee Terms of Reference, the Economy Committee will be asked to agree to invite tenders for the development of the site. Tenders will be invited from developers to design and build affordable housing for the Council and develop housing for sale on the open market. Following the completion of the procurement process, approval will be sought from Finance & Resources Committee to enter into a development agreement with the preferred bidder. It is anticipated that it will take the preferred developer around nine months to complete the detailed design work, obtain building warrants and road construction consents and provide the necessary information to achieve other statutory consents, such as water and drainage. A site start is, therefore, anticipated in early 2017.

Measures of success

- 4.1 Development of around 250 new homes for affordable rent and open market sale.
- 4.2 All Council housing will be energy efficient and built to Housing for Varying Needs standard, with 10% of social rented homes suitable for wheelchair users.

- 4.3 Delivery of community benefits, including apprenticeships, construction jobs, work placements, opportunities for community engagement and co-operative approaches to management and maintenance of Council homes.
- 4.4 Development of 250 square metres of retail space.
- 4.5 A capital receipt secured from the sale of land for development of private housing.

Financial impact

- 5.1 The cost of developing new Council housing at North Sighthill is contained within the HRA Business Plan. On 12 February 2015, the Council agreed the HRA budget which included a provision of £62 million for the 21st Century Homes programme over the next five years.
- 5.2 The North Sighthill development will be funded from HRA capital, developer receipts from the sale of land for private housing and Council Tax Discount Fund (CTDF). The CTDF is money collected from council tax payments on second homes and is ring fenced for affordable housing. The project will benefit from approved Scottish Government grant funding of nearly £2.9 million.
- 5.3 The overall impact of developing new Council homes through the 21st Century Homes is positive. The Programme is projected to deliver a financial return of £80 million to the HRA over thirty years. The projected contribution to the HRA is £12.8 million over the next nine years, with a contribution of £0.3 million anticipated in the current financial year.

Risk, policy, compliance and governance impact

- 6.1 New homes at North Sighthill will be procured in accordance with the OJEU procurement process, with approvals sought from relevant Council committees.
- 6.2 A Programme Board is in place for the 21st Century Homes programme, with representation from Housing and Regeneration, Legal, Finance, Procurement, Planning and the neighbourhood offices.
- 6.3 The 21st Century Homes Programme is monitored by the Corporate Programme Office. An assurance review was carried out in 2013 and the outcome was amber/green. A second assurance review is underway at the time of writing and the outcome of this review will be reported to the Finance and Resources Committee.

Equalities impact

- 7.1 Delivery of new, energy efficient homes at North Sighthill will have a positive impact on the three Public Sector Equality Duties. The homes will contribute to improving the health, physical security, standards of living and the right to an individual, family or social life for the future residents of the homes.
- 7.2 A mix of house types will be developed at North Sighthill to meet a range of housing needs. All Council housing will be accessible and built to Housing for

Varying Needs standard, with 10% of new social rented homes suitable for wheelchair users.

Sustainability impact

- 8.1 The proposals in this report will help achieve a sustainable Edinburgh. The housing will be developed on a brownfield site, which reduces the pressure on Edinburgh's green belt. New housing will be built using materials chosen on the basis of an appropriate lifespan and low maintenance requirements, thus minimising the environmental impact.
- 8.2 New homes are built to a high standard of energy efficiency, reducing the carbon footprint of the development and energy use within the homes.

Consultation and engagement

- 9.1 There was a high level of community engagement in the development of the Masterplan for the site and the design guide for the Council homes. The North Sighthill Development Group and the Community Council have been consulted regarding the proposals for the site outlined in this report. Ward councillors have also been consulted regarding the proposals for the site.
- 9.2 The local community will be kept informed in relation to the development of the housing proposals and the timetable for developing the site. There will be opportunities for new residents to be involved in the management of the new homes and the area through participation in a residents association.

Background reading/external references

[Progressing the City Housing Strategy, City of Edinburgh Council, 29 June 2006](#)

[21st Century Homes for Edinburgh, Health, Social Care & Housing Committee, 12 August 2008](#)

[21st Century Homes for Edinburgh - Business Case, Health Social Care and Housing, 3 March 2009](#)

[21st Century Homes for Edinburgh – Business Case Update, Health, Social Care & Housing Committee, 24 May 2011](#)

John Bury

Acting Director of Services for Communities

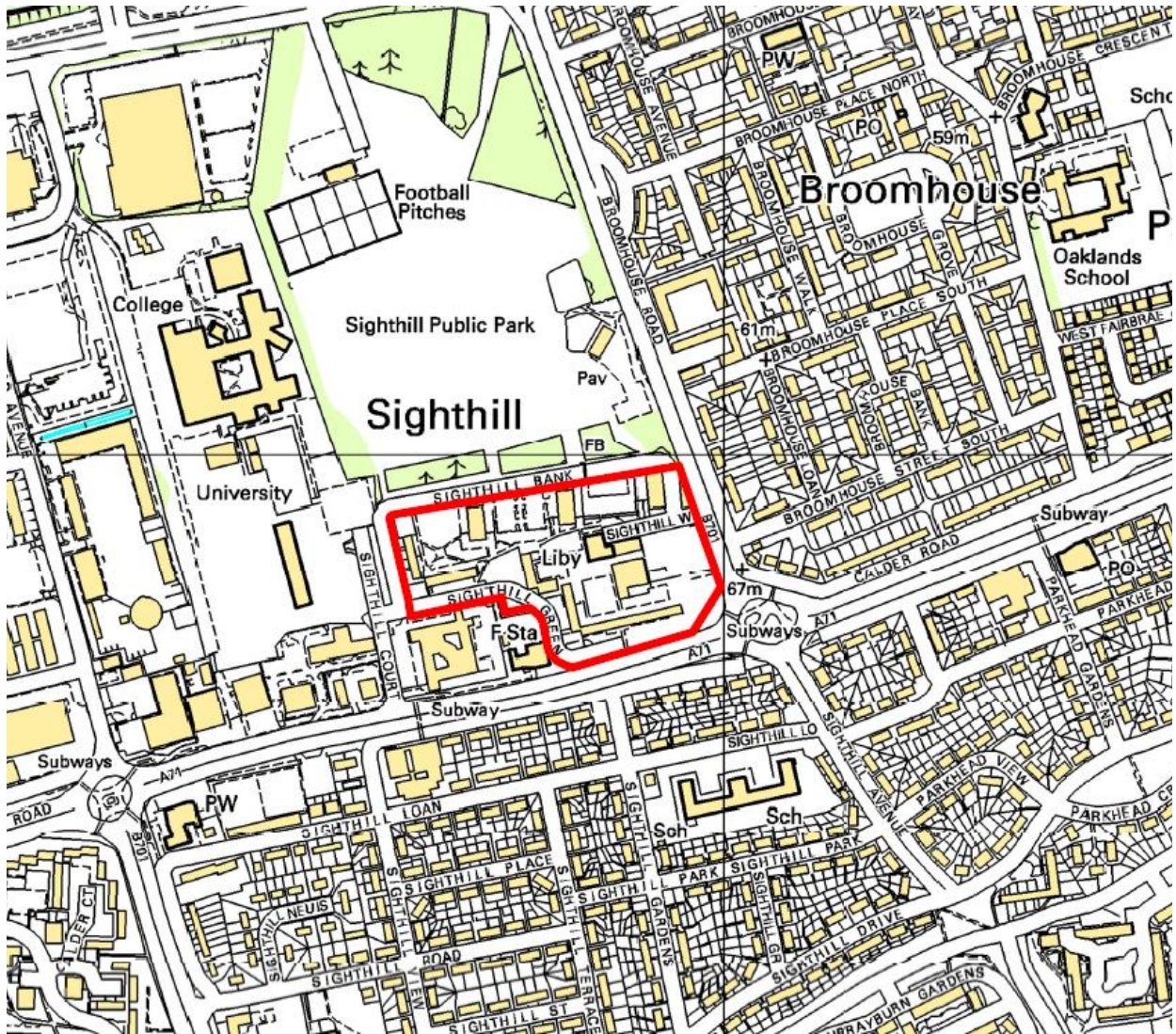
Elaine Scott, 21st Century Homes Programme Manager

E-mail: Elaine.scott@edinburgh.gov.uk | Tel: 0131 529 2277

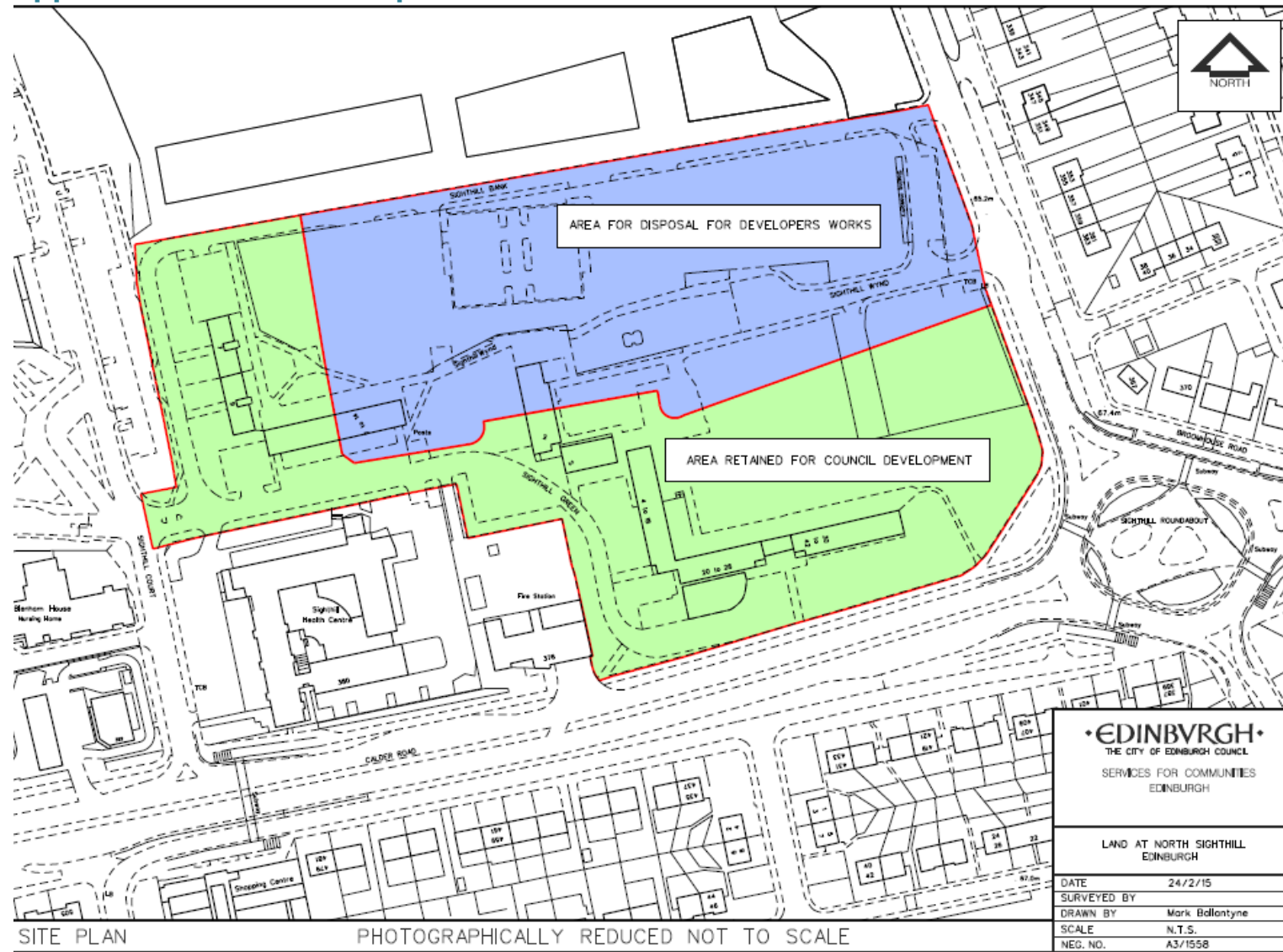
Links

Coalition pledges	<p>P8 – Make sure the City’s people are well-housed, including encouraging developers to build residential communities, starting with brownfield sites.</p> <p>P9 – Work in partnership with Scottish Government to release more funds for Council homes for rent.</p> <p>P17 – Continue efforts to develop the city’s gap sites and encourage regeneration.</p>
Council outcomes	<p>CO7 – Edinburgh draws new investment in development and regeneration.</p> <p>CO13 – People are supported to live at home.</p> <p>CO16 – Well-housed – People live in a good quality home that is affordable and meets their needs in a well managed neighbourhood.</p>
Single Outcome Agreement	<p>SO4 – Edinburgh’s communities are safer and have improved physical and social fabric.</p>
Appendices	<p>Appendix 1 – North Sighthill Location Plan</p> <p>Appendix 2 – North Sighthill Master plan</p> <p>Appendix 3 – Areas for Disposal and Retention</p>

Appendix 1 – North Sighthill Location Plan



Appendix 3: Areas for Disposal and Retention



Finance and Resources Committee

2.00 p.m, Wednesday, 13 May 2015

Proposed Sale: Boroughmuir High School, Viewforth, Bruntsfield

Item number	7.19
Report number	
Executive/routine	Executive
Wards	10 – Meadows/Morningside

Executive summary

The City of Edinburgh Council on 12 December 2013 approved the budget for construction of the new school at Fountainbridge. Part of the funding of the new school would be provided by the receipt from the sale of the existing school site at Viewforth. To dovetail with the new school opening for the 2016/17 school year, marketing of the existing site commenced at the end of November 2014.

At the closing date of 23 February 2015, 20 bids were received from 15 parties and an evaluation exercise was then carried out.

This report summarises the outcome of the bidding process, and seeks Committee approval to sell the property to the highest bidder, CALA Management Limited, on the terms and conditions outlined in the report.

Links

Coalition pledges	P17
Council outcomes	CO7 , CO8
Single Outcome Agreement	SO1

Proposed Sale: Boroughmuir High School, Viewforth, Bruntsfield

Recommendations

It is recommended that Committee:-

- 1.1 Notes the marketing and selection process carried out to arrive at the preferred bidder; and
- 1.2 Approves the disposal of the existing school site to CALA Management Limited (CALA), on terms and conditions as set out in this report, and on other terms and conditions to be agreed by the Acting Director of Services for Communities and in consultation with the Head of Legal Risk and Compliance.

Background

- 2.1 The City of Edinburgh Council, on 12 December 2013, approved that £5m from the proceeds of the sale of the existing school site would be used as part funding for the new school at Fountainbridge.
- 2.2 The existing school, as shown outlined red on the attached plan, was built between 1911-1913 and is category B listed. The purpose-built high school also lies within the Marchmont, Meadows & Bruntsfield Conservation Area and is situated on a gross site area of 0.88 Ha (2.18 acre) or thereby.
- 2.3 To minimise future holding costs, the strategy was for the Council to divest from the property interest as close as possible to the decant to the new school. Taking into account the opening of the new school is programmed for summer 2016, marketing commenced late November 2014. All parties which noted interest received a marketing pack containing the original construction drawings, current layout drawings, asbestos report, title information, utilities plans and building condition reports. All interested parties were also given access to undertake viewings/inspections by their design teams. The Planning Service provided further guidance on proposed uses.
- 2.4 The marketing exercise produced in excess of 30 notes of interest, the majority from residential developers and a number from developers of student accommodation.
- 2.5 At the closing date of 23 February 2015, 20 bids were received from 15 parties. The bids were analysed against a number of criteria including the level of

receipt, deliverability, and compliance with planning and affordable housing policy (where applicable).

- 2.6 All bids were assessed for planning risk with detailed feedback provided by the Planning Service as part of the evaluation process.

Main report

- 3.1 The fifteen parties that bid at the closing date were: -

- Hadley/Mace;
- Kingsford Estates;
- Development Direct/CNA Metals;
- Calmont Group;
- CALA Management Ltd;
- FM Group;
- Sundial Properties;
- Quatermile Ventures;
- Ashford/Square & Crescent;
- AMA;
- Out of The Blue (Community Bid);
- Duddingston House/McCarthy & Stone/ESP;
- City & Country;
- Buccleuch;
- Study Inn.

- 3.2 The bids were evaluated against a number of key criteria as follows:

- Price, including any overage provision;
- Proposed Use;
- Conditions attached to the bid;
- Planning Risk - Sensitivity to listed nature of main building and surrounding conservation area;
- Adherence to Affordable Housing Policy;
- Certainty of Net Receipt – Treatment of abnormal costs/Guaranteed Minimum Price etc; and
- Deliverability – Funding and timescale for concluding missive, planning process, net capital receipt.

- 3.3 Using this criteria, the bids were analysed to calculate an (i) adjusted net price allowing for known deductions such as section 75 obligations and abnormal costs, and as a further check, (ii) weighted net price, allowing for planning risk. This enabled the bids to be compared on a like for like basis.
- 3.4 The majority of the bidders provided financial information with their proposals to demonstrate that they were of the appropriate financial standing to undertake their respective schemes.
- 3.5 Two parties provided bids that were insufficient in detail to undertake a full analysis.
- 3.6 Following a detailed analysis of the bids, the offer received from CALA Management Limited is considered to provide the best offer to the Council in terms of the criteria outlined in paragraph 3.2.
- 3.7 The offer from Cala Management Ltd is as follows:
- Price: £14.525m subject to a minimum guaranteed net price of £13m, payable in two tranches.
 - Overage: 50% of additional profit where average sales rate exceeds £405/per sq ft.
 - Use: 100 residential apartments comprising one, two and three bedrooms.
 - Conditions: Planning, title, structural survey and abnormal ground costs.
 - Costs: The Council's reasonable legal and professional fees are included in the gross price.
- 3.8 CALA Group is an established residential developer with a head office in Scotland, and well known in the Edinburgh area. In 2013, CALA Group was purchased by Patron Capital, Legal & General and Electra, bringing a significant level of new investment to the business.
- 3.9 A wholly owned subsidiary of CALA Group, CALA Management Limited, will purchase the site.
- 3.10 In terms of capital receipt, the CALA bid contained the highest gross price, the highest net price and the highest weighted price, when adjusted for planning risk.
- 3.11 All bids were for commercial conversion, however, a conditional offer was received from 'Out of the Blue Arts and Education Trust'. The proposed use was to provide a community facility to house artists' studios, multi art form classes and workshops, theatre performances, exhibitions, arts market, participatory arts projects, cafe and rehearsal space. The offer is in the sum of £6.245m, however, it is subject to funding, with no further detail provided. Further, there are a number of planning conditions that are not acceptable to the Council. For

these reasons, and the fact that the bid is significantly lower than the proposed preferred bidder, this bid is not recommended for acceptance.

Measures of success

- 4.1 The success of the sale will be the creation of a capital receipt from the disposal of the existing school to part fund the construction of the New Boroughmuir High School at Fountainbridge and the renovation of a listed building into high quality residential apartments.

Financial impact

- 5.1 A capital receipt of £8m will be obtained in financial year 2016/17 and a guaranteed minimum receipt of £5m in financial year 2017/18.
- 5.2 From the first tranche payment, £5m has been approved as a contribution towards the construction of the new school facility. The remaining receipt in 2016/17 and 2017/18 will be considered as corporate receipts, and prioritised by the Council as part of the future budget setting process.
- 5.3 An ongoing and considerable maintenance liability will be removed from the Council's revenue budget.

Risk, policy, compliance and governance impact

- 6.1 There is a risk the purchaser does not receive planning permission for the proposed development. This will result in increased maintenance costs and lead to delay in realising a substantial capital receipt.

Equalities impact

- 7.1 The disposal will lead to the redevelopment of a prominent and historic institutional building within a city centre site. This will enhance the feeling of security for neighbouring residents and promote health and well-being.
- 7.2 The redevelopment of the site will create economic benefits to Edinburgh, and create employment, which will enhance the right of residents to productive and valued activities.
- 7.3 The redevelopment of the site will have a temporary adverse effect on the surrounding residential area, however, this will be mitigated as much as possible by any contractor. The potential level of investment in the site, and the end result, will justify any short-term adverse impacts.

Sustainability impact

- 8.1 The proposed development will incorporate all modern sustainable methods of construction and will meet current building standards.

Consultation and engagement

- 9.1 A full consultation process will be undertaken as part of the planning application for the proposed development.

Background reading/external references

City of Edinburgh Council 12 December 2013 – New Boroughmuir High School.

John Bury

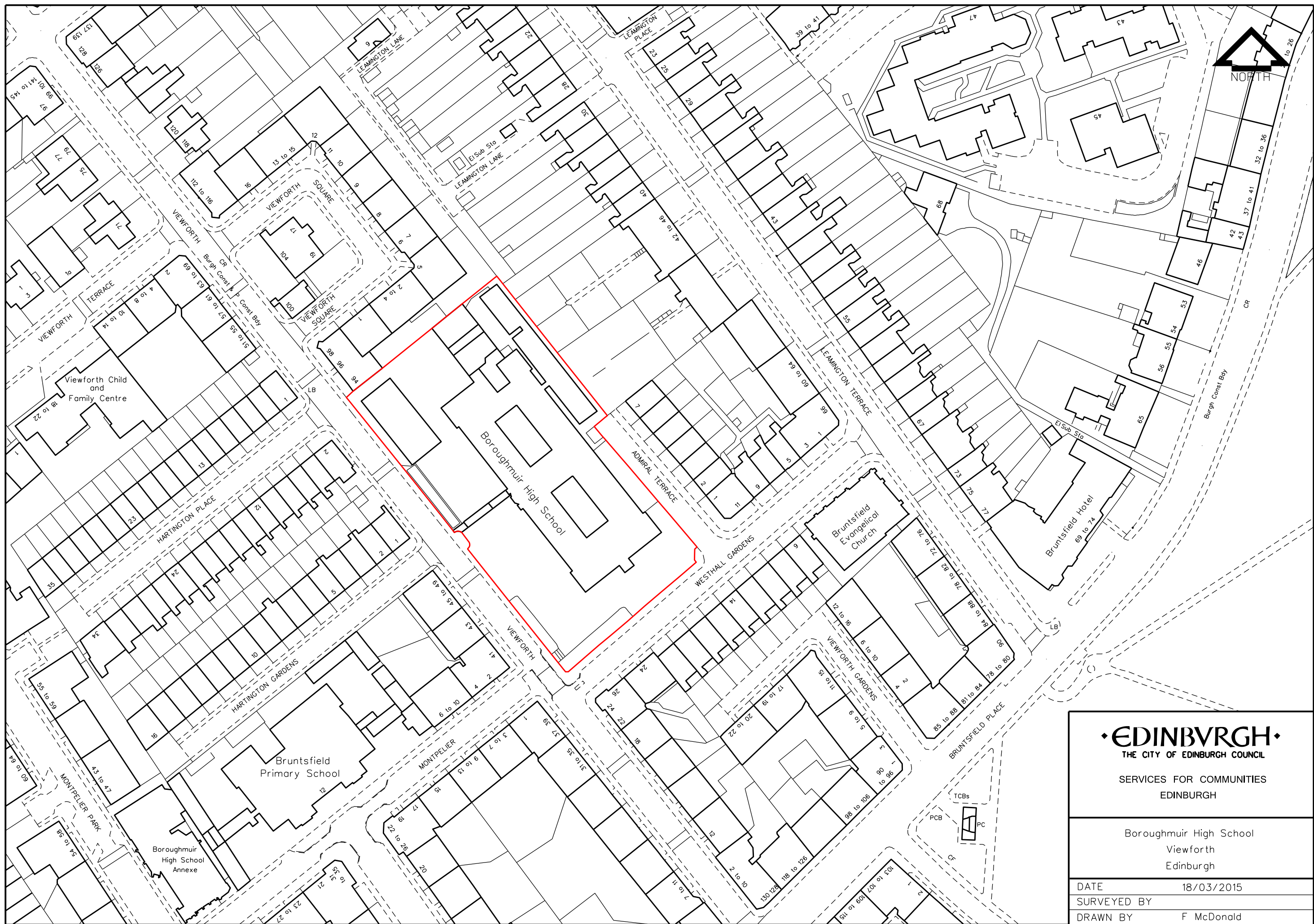
Acting Director of Services for Communities

Contact: Robbie O'Donnell, Senior Estates Surveyor

E-mail: robbie.o'donnell@edinburgh.gov.uk | Tel: 0131 529 6560

Links

Coalition pledges	P17 – Continue efforts to develop the city's gap sites and encourage regeneration.
Council outcomes	CO7 – Edinburgh draws new investment in development and regeneration. CO8 – Edinburgh's economy creates and sustains job opportunities.
Single Outcome Agreement	SO1 – Edinburgh's Economy Delivers increased investment, jobs and opportunities for all.
Appendices	Location Plan.



AREA SHOWN DELINEATED RED - 0.880 ha (2.175 Acre), or thereby

• EDINBURGH • THE CITY OF EDINBURGH COUNCIL	
SERVICES FOR COMMUNITIES EDINBURGH	
Boroughmuir High School Viewforth Edinburgh	
DATE	18/03/2015
SURVEYED BY	
DRAWN BY	F McDonald
FILE NO.	
NEG. NO.	NT 2472/A3/1566

Finance and Resources Committee

2.00 p.m, Wednesday, 13 May 2015

Framework Agreement for the provision of Commercial Estate Management and Residential Property Consultancy Services

Item number	7.20
Report number	
Executive/routine	
Wards	All

Executive summary

The Council has a large and diverse portfolio of commercial properties, and operates as a residential landlord for around 20,000 homes, as well as developing and regenerating areas through its own new build programme.

Whilst the majority of property transactions are dealt with in-house, there is not always the level of resource or expertise available to undertake all aspects of work.

This report seeks approval for a two year framework agreement for the provision of professional advice and assistance on residential and commercial property issues. The intention is to appoint up to four consultants per lot, ranked across two lots, with the option to extend annually for a further two years.

Links

Coalition pledges	P29 , P33
Council outcomes	CO16 , CO23
Single Outcome Agreement	SO4

Framework Agreement for the provision of Commercial Estate Management and Residential Property Consultancy Services

Recommendations

It is recommended that Committee:-

- 1.1 Approves the award of Lot 1, Commercial Estate Management Consultancy Services to:
 - Ryden LLP;
 - DTZ Debenham Tie Leung Limited;
 - Jones Lang LaSalle (JLL); and
 - GVA Grimley Ltd (trading as GVA James Barr);
- 1.2 Approves the award of Lot 2, Residential Property Consultancy Services, to:
 - Rettie & Co; and
 - Ryden LLP;
- 1.3 Notes that services issued under the framework agreement will be by means of a mini competition or, where it is in the best interest of the Council or in circumstances of extreme urgency, direct award up to a value of £3,000; and
- 1.4 Notes that the terms of the Framework Agreement are for a two year period with the option to extend annually for a maximum of two further years.

Background

- 2.1 The Council has a large and diverse portfolio of commercial and operational properties. The Council's investment portfolio of nearly 1000 let properties includes circa 300 industrial units, 150 shops, 100 offices and 100 ground leases. The current rent roll is circa £15m per annum. The Council's operational estate extends to more than 500 properties including offices, schools, libraries, depots, care homes, museums and community centres.
- 2.2 The Council operates as a residential landlord for around 20,000 homes, as well as developing and regenerating areas through its own new build programme. In addition, the Council has developed successful partnerships, with housing associations and private developers, to progress innovative development and funding solutions to provide new homes for intermediate rent and sale.
- 2.3 The vast majority of property transactions, including lease renewals, disposals and valuations, are carried out in-house. There is, however, a growing requirement for specialist advice on developing business cases and funding models, particularly to support the supply of affordable housing in the city. The

framework will provide additional capacity to supplement in-house resources in providing specialist property and development expertise.

Main report

- 3.1 On 3 October 2014, a contract notice for a two-stage restricted procedure was published in the Public Contracts Scotland Portal, inviting expressions of interest from suitable applicants to deliver the Framework. Interested parties responding to the notice were provided with the Pre-Qualification Questionnaire (PQQ).
- 3.2 The Framework Agreement was split into two lots, detailed below:
 - Lot 1 – Commercial Estate Management Consultancy Services.
 - Lot 2 – Residential Property Consultancy Services.
- 3.3 It was anticipated that eight applicants would be selected to proceed to the Invitation to Tender (ITT) stage per lot. The Council received 12 PQQ submissions for Lot 1 and received only four PQQ submissions for Lot 2.
- 3.4 The Council evaluated the PQQs against pre-set selection criteria and, on 11 December 2014, eight of the highest scoring applicants were invited to bid for Lot 1. However, one applicant from Lot 2 was disqualified as they did not meet the mandatory criteria of being RICS registered. Therefore, three applicants were issued ITT's for Lot 2. All invited applicants submitted their proposal on 16 January 2015.
- 3.5 To ensure that the tender was awarded to the providers offering best value, the bids were assessed, based on the most economically advantageous tenders. The weightings used for the selection of the consultants were based on Quality 70% and Price 30%.
- 3.6 Tenders were independently scored in relation to quality and price. The tender returns were checked for compliance and all were deemed compliant by the evaluation panel.
- 3.7 A consensus meeting took place, following quality scoring on 2 February 2015, to agree final written quality scoring for both lots.
- 3.8 Supplier presentations were then carried out with all applicants as part of their quality evaluation, and thereafter a further consensus meeting held for the presentation scores.
- 3.9 The quality analysis was based on weighted Award Criteria questions, which were scored using a 0 to 10 matrix. Following completion of the quality analysis, tenders that pass the minimum threshold score of 50% for quality were subject to a cost analysis. One tenderer did not meet the quality threshold for Lot 2, therefore their price submission was not opened. The cost element was assessed on the prices submitted for core services and consultancy rates for additional advisory services. The tenders were independently evaluated, and the results of the evaluation process are shown below:

Lot 1: Commercial Estate Management Consultancy Services

Bidder	Quality Score 70%	Price Score 30%	Combined Total 100%
Ryden LLP	56.35	30.00	86.35
DTZ	46.55	22.23	68.78
JLL	53.90	10.51	64.41
GVA	45.85	18.19	64.04
Bidder 5	40.60	17.43	58.03
Bidder 6	43.75	14.02	57.77
Bidder 7	38.50	16.33	54.83
Bidder 8	38.50	12.72	51.22

Lot 2: Residential Property Consultancy Services

Bidder	Quality Score 70%	Price Score 30%	Combined Total 100%
Rettie & Co	57.75	28.10	85.85
Ryden LLP	47.25	30.00	77.25
Bidder 3	32.20	00.00	32.20

3.10 The contract has been established as a two year framework agreement, with the option to extend for a further two years on an annual basis. The framework agreement is contained in two lots with following being appointed to:

Lot 1

- Ryden LLP.
- DTZ Debenham Tie Leung Limited.
- Jones Lang LaSalle.
- GVA Grimley Ltd (trading as GVA James Barr).

Lot 2

- Rettie & Co.
- Ryden LLP.

3.11 The following call-off methodology will be used by the Council in awarding commissions through the Framework Agreement:

- In cases of extreme urgency or when in the best interest of the Council, services up to the value of £3,000 to the highest ranking Framework Consultant which in Lot 1, is Ryden LLP and in Lot 2, Rettie & Co.
- If the Preferred Framework Consultant does not have the capacity to undertake the work, or is professionally conflicted, the Framework Consultant ranked second will be offered the service and so on.
- The appointment of services will be subject to Mini Competition between all Framework Consultants unless this would not be in the Council's immediate best interests, e.g. in circumstances of extreme urgency.

Measures of success

4.1 Key Performance Indicators will be used to monitor and evaluate contractor compliance. These include:

- Provision of management information;
- Customer service;
- Response times; and
- Accuracy in pricing work.

Financial impact

5.1 The costs associated with procuring this framework are estimated to be below £10,000.

Risk, policy, compliance and governance impact

6.1 The evaluation process was carried out in compliance with the Public Contract (Scotland) Regulations 2012.

Equalities impact

- 7.1 Responses to the PQQ have demonstrated that all firms have a clean record in relation to equalities and rights failures.
- 7.2 All the proposed community benefit action plans provide enhanced opportunities for recruitment and training. Community and charity work is expected to provide positive benefits for all people, including those with protected characteristics.

Sustainability impact

- 8.1 The impacts of this report have been considered in relation to the Climate Change (Scotland) Act 2009 - Public Bodies Duties.
- 8.2 Community benefits are being sought through this contract and accounted for 5% of the total quality score in the tender evaluations.

Consultation and engagement

- 9.1 Not applicable.

Background reading/external references

John Bury

Acting Director of Services for Communities

Contact: Graham Tully, Acting Estate Services Manager

E-mail: graham.tully@edinburgh.gov.uk | Tel: 0131 529 5961

Links

Coalition pledges	P29 – Ensure the Council continues to take on apprentices and steps up efforts to prepare young people for work. P33 – Strengthen Neighbourhood Partnerships and further involve local people in decisions on how Council resources are used.
Council outcomes	CO16 – Well-housed – People live in a good quality home that is affordable and meets their needs in a well managed Neighbourhood. CO23 – Well Engaged and Well Informed – Communities and individuals are empowered and supported to improve local outcomes and foster a sense of community.
Single Outcome Agreement	SO4 – Edinburgh’s communities are safer and have improved physical and social fabric.
Appendices	Appendix 1 - Summary of tendering and tender evaluation processes.

Appendix 1 - Summary of Tendering & Tender Evaluation Processes

Contract period	Two years with an option extend annually for a further two years
Estimated contract value range	Range between £800,000 and £1,000,000
Standing Orders observed	2.4
Governing UK Regulation	Public Contracts (Scotland) regulations 2012
Pre-Qualification Questionnaires returned	Lot 1 – 12 Lot 2 - 4
Invitations to tender issued	Lot 1 – 8 Lot 2 - 3
Tenders returned	Lot 1 – 8 Lot 2 - 3
Tenders fully compliant	Lot 1 – 8 Lot 2 - 2
Recommended suppliers	Lot 1 – 4 Lot 2 - 2
Primary criterion	Most economically advantageous tender 70% Quality 30% Price
Evaluation Team	Internal Evaluation Team

Finance and Resources Committee

2.00pm, Wednesday, 13 May 2015

Award of Subsidised Childcare contracts for 2 years with the option to extend for 12 months

Item number	7.21
Report number	
Executive/routine	
Wards	All

Executive summary

Subsidised childcare has traditionally been offered in areas of high unemployment to provide an affordable service and remove an obstacle to low-income parents returning to work or accessing training.

However the availability of childcare services and government support has increased significantly in recent years and therefore the Economic Development Service and Children & Families Service instigated a review to determine the added value of existing arrangements and to refresh the understanding of need across the city.

This led to Economy Committee to approve a change in the Council's investment approach, to widen eligibility across the city and improve targeting by moving from a residence based to an income based approach.

As part of the transition to this new model a service specification was co-produced with stakeholders and issued for award.

This report seeks the approval for the award of contracts for the supply of subsidised childcare places. The term of this contract will be for two years with an option to extend for up to one further year.

Links

Coalition pledges

Council outcomes [C09](#)

Single Outcome Agreement [SO1](#)

Award of Subsidised Childcare contracts for 2 years with the option to extend for 12 months

Recommendations

- 1.1 To approve the award of a two year contract for subsidised childcare delivery at Childcare Connections, Kidzcare in Craigmillar, North Edinburgh Childcare and Smile Childcare from 1 June 2015 – 31 May 2017 with the option to extend for a further 12 months.

Background

- 2.1 In 2013, Employability and Skills undertook a review of the Council's investment in subsidised childcare places. The review included consultation with stakeholders, evaluation of the impact of subsidised places and analysis of the potential need in areas of the city not served by the existing network.
- 2.2 The key themes emerging from consultation with parents are **affordability**, **flexibility** and **better information** on availability of services and support. These themes along with **improvements in targeting** to improve added value have informed the basis of the changes that are now being implemented.
- 2.3 In view of the complex nature of the childcare environment, the changes are being developed, tested and **rolled out on an incremental basis**. This is to minimise any disruption of service or adverse impacts on parents.

- 3.1 In November 2013 the Economy Committee approved the transition to a new approach to subsidised childcare support for parents returning to work or training. This was the culmination of an extensive dialogue with parents, providers and stakeholders on the challenges for low income households.
- 3.2 The new approach includes:
- a) Creation of a **transitional service specification** to purchase subsidised places and other support services to replace existing grant arrangements;
 - b) Establishing and piloting a **citywide voucher scheme** to extend the availability and flexibility of childcare support in the city;
 - c) Establishing stakeholder **co-production structures** that will develop and refine the new approach, including targeting, over the next three years;
 - d) Shifting our targeting from a residence to an income based approach that will better align with citywide need and minimise displacement of central government support;
 - e) Putting in place **business change support** through “Just Enterprise” and “Business Gateway” to support third party organisations adapt.
- 3.3 This report concerns the award of contracts to: Childcare Connections, Kidzcare in Craigmillar, North Edinburgh Childcare and Smile Childcare for the delivery of services set out in the transitional specification.
- 3.4 The services do not require the full rigours of European Procurement Regulation, and to ensure transparency and equality obligations were met an advert was placed on Public Contracts Scotland to establish capacity for the service. This resulted in all four existing providers being invited to submit a tender which was evaluated to ensure quality standards and financial capability was met.
- 3.5 The maximum contract value over the period of the three-years is £2,819,202. This recognises the projected volume and types of placements which are in demand from parents in the communities served by these organisations (Appendix 1).
- 3.6 The contract offer includes:
- a. A two year contract with an option to extend for a further year;
 - b. Continuity of service for families currently receiving a subsidised childcare placement for a transitional period;
 - c. Time to assess the impacts of proposed eligibility criteria to ensure that the funding is targeted at families in greatest need; and

- d. Commitment to work jointly with the Council on service development and refinement of our new approach.
- 3.7 The four providers have confirmed their acceptance of the Council's offer and approval is sought to award contracts to the four provider organisations.

Measures of success

- 4.1 Implementation of a standardised application process and eligibility criteria that helps those families in greatest need.
- 4.2 Introduction of a consistent, monitoring framework to evaluate parent outcomes and inform continuous improvement.
- 4.3 Improved transparency on how the investment supports the achievement of positive sustained outcomes and demonstrable value for money.
- 4.4 Productive collaboration between social providers and with the Council during the first two years to; refine the specification and further develop the new approach.

Financial impact

- 5.1 The contract value to each provider varies in comparison to the historic grant award levels and related to the type and scale of services to be provided.
- 5.2 All providers have a distinct offer that relates to the volume and type of places to be provided, with bespoke transition arrangements to mitigate any negative impact on a parent already receiving a service.
- 5.3 The indicative three year contract value is £2,819,202 and will be met from existing budget allocations for Childcare support within Economic Development and Children and Families services and replaces previous grant awards made by the Council.
- 5.4 The costs associated with procuring this contract are estimated at £20,001 - £35,000.

Risk, policy, compliance and governance impact

- 6.1 There is a risk that one or more of the providers may seek to disengage from the contract agreement because the funding model is based on a standardised subsidy rate for low income families rather than focusing only on localities. Should this happen, alternative care will need to be arranged to ensure continuity of childcare for working parents.
- 6.2 A further significant risk would be the lack of co-operation from providers to comply with the specification in regard to collaboration and consultation on shared processes.

6.3 To mitigate these risks an updated transition plan is in development.

Equalities impact

- 7.1 An equalities impact assessment was conducted as part of the review and informed this process. Clients were widely consulted through focus groups, one to one interviews and a survey with online and hard copy versions.
- 7.2 A further assessment will be scheduled at the end of 2015/16 to ensure that the needs of parents are fully addressed during the transition period and that we have taken account of the additional challenges for parents who have a child with Additional Support Needs.
- 7.3 The new model should help to ensure that there is a more equitable distribution of childcare across the city and that it is targeted at those who need it most.

Sustainability impact

- 8.1 This contracted service will be for two years with the possibility of an additional one year extension. The contractors are known to the Council and have a long standing reputation for delivering quality childcare services particularly in defined areas of high unemployment and social deprivation.
- 8.2 The increased economic well being of parents will contribute to a number of related outcomes including child poverty, health and well being. These outcomes directly respond to strategic drivers relating to prevention and the council pledge on affordable childcare.

Consultation and engagement

- 9.1 There has been extensive consultation with services, stakeholders and clients in a wide range of formats including one to one interviews, focus groups, presentations and surveys.
- 9.2 A Project Board was formed including key stakeholders.

Background reading/external references

[The Development of Childcare Support for Working Parents](#) – November 2013

[End Child Poverty, Local Authority and Ward Data](#) – October 2014

[HM Revenue and Customs, Data on children in low income households](#) – August 2012

Greg Ward

Director of Economic Development

Contact: Vivienne Robinson, Principal Officer (Acting)

E-mail: vivienne.robinson@edinburgh.gov.uk | Tel: 0131 529 4623

Links

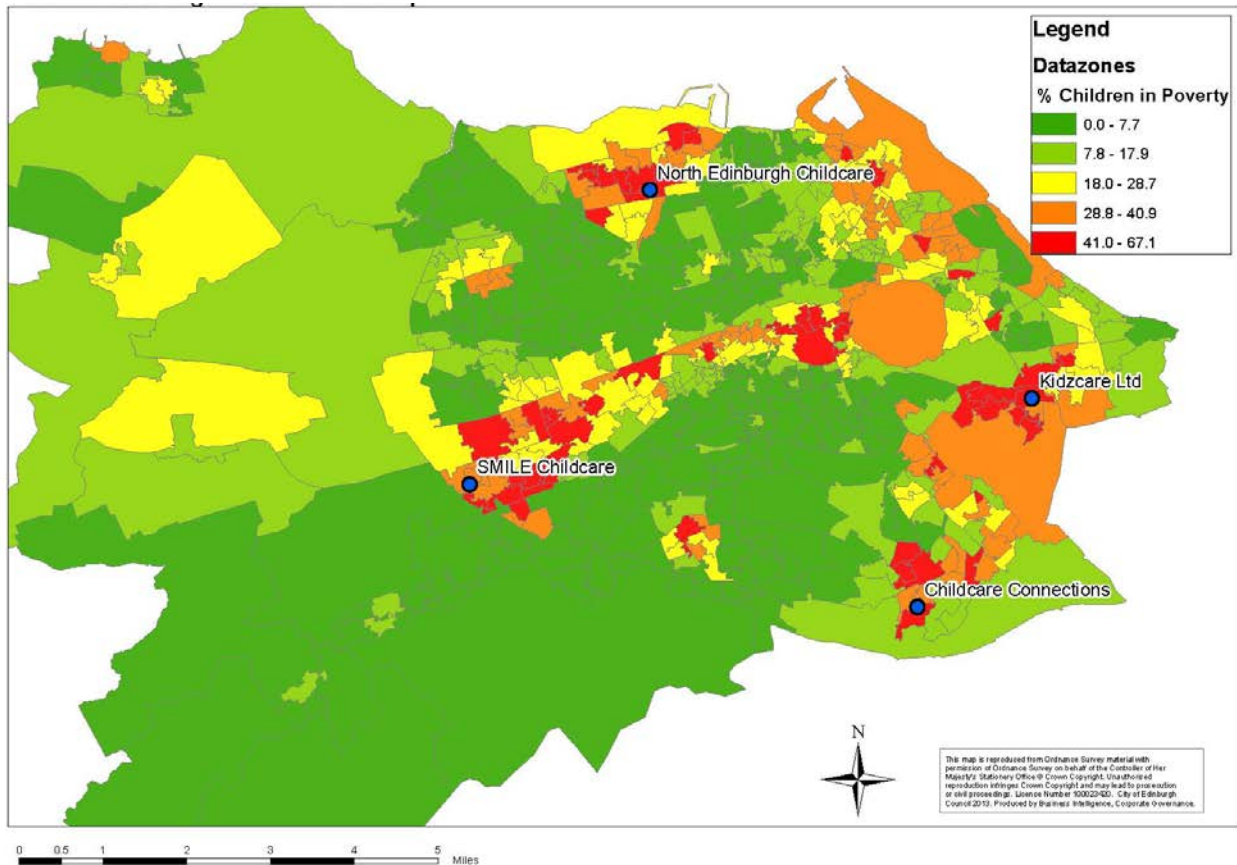
Coalition pledges

Council outcomes CO9 – Edinburgh residents are able to access job opportunities

Single Outcome Agreement SO1 – Edinburgh’s Economy delivers increased investment, jobs and opportunities for all

Appendices Appendix 1 – Coverage and location of subsidised provision

Appendix 1 –Location of Providers with Child Poverty Heatmap



The map shows the wards in the city in relation to the percentages of children in poverty based on;

- Numbers of families with children who are in receipt of Child Tax Credit and who also have a household income of less than 60% of the median income level (£211 per week) for Edinburgh residents.

Subsidised Places through the Transition Service Specification will be provided predominantly in four areas of the city;

- Childcare Connections – Liberton, Gilmerton
- Kidzcare - Craigmillar
- North Edinburgh Childcare – Forth, Inverleith, Leith
- Smile Childcare – Sighthill, Broomhouse, Wester Hailes

The pilot voucher scheme aims to extend this coverage to other low income households who live outside these geographical locations

Finance and Resources Committee

2.00pm, Wednesday, 13 May 2015

Property Conservation – Programme Momentum Progress Report

Item number	7.22
Report number	
Executive/routine	
Wards	

Executive summary

This report provides Committee with a progress update for Programme Momentum.

Links

Coalition pledges	P40 , P41
Council outcomes	CO7 , CO19
Single Outcome Agreement	SO4

Property Conservation – Programme Momentum Progress Report

Recommendations

- 1.1 Committee is requested:
 - 1.1.1 To note the management information dashboard reports in Appendix 1.
 - 1.1.2 To note the progress in financial recovery.
 - 1.1.3 To note that the new debt recovery arrangements with Morton Fraser commenced on 1 April and that a report on progress will be brought to the next Committee.
 - 1.1.4 To note the provisions put in place to maintain high levels of customer service throughout the debt recovery process as per Appendix 2.

Background

- 2.1 Programme Momentum has been established as a robust end-to-end process across all workstreams relating to the legacy Statutory Notice issues, including the development of the blueprint for the new enforcement service.
- 2.2 This report gives details of progress to the end of March 2015.

Main report

Management information

- 3.1 Management Information as at 25 March 2015 is attached in Appendix 1.

Financial Recovery

- 3.2 Further to recent reports to Committee billing is progressing with £11.8million invoiced from Deloitte reviewed cases. Current recovery on this debt is £5.7million, with a further £6.1million outstanding. There remains £5.4million of Deloitte cases to be invoiced. It is anticipated that invoicing will be concluded in summer 2015, with the exception of 2 projects where defect works are being undertaken.

Settlements

- 3.3 Settlements to complainants will be concluded in summer 2015, with a small number of new additional cases anticipated to be reviewed and released by Deloitte by the end of August. There may be a number of additional complaints

that become the subject of the settlement process as a result of debt recovery proceedings on historic cases.

Debt Recovery and Customer Care

- 3.4 Committee is asked to note the provisions put in place to maintain a high level of customer service throughout the debt recovery process as detailed in Appendix 2.

New Service update

- 3.5 On 19 March 2015, following the budget decisions for 2015/16, the Finance and Resources Committee considered a report on the revised implementation plan for the new Shared Repairs Service. Committee approved option 1 which proposes launching the service on a pilot basis from 1 September 2015, with the full launch scheduled for late March 2016. The implementation of the new service has been progressing in line with this recommendation.

Staffing and Recruitment

- 3.6 The budget allocation has necessitated the re-profiling of recruitment plans for the new service. Following on from previous decisions made by the Property Conservation Board, 2 Case Officers and 1 Finance and Control Officer have already been appointed. Recruitment is also underway for the Head of Shared Repairs and the Head of Surveying, with preferred candidates now identified. These staff will oversee the completion of the implementation phase and will manage the pilot phase of the new service. Subject to review, the remaining operational posts are effectively on hold until February 2016.

IT Delivery Plan

- 3.7 The original blueprint identified the requirement for new, fit for purpose IT systems to be introduced to support the service.
- 3.8 Work to implement a new case management system is progressing. A set of user stories have been developed which outline the requirements for the business processes of the new service and these are forming the basis of discussions with developers about the most appropriate system. The specification, design and build of this system are scheduled to be complete by February 2016, in time for the full launch of the service at the end of March 2016.
- 3.9 A new customer relationship management (CRM) system is also planned for the new service. The CRM will be integrated with the new case management system and as such, development of the CRM will not begin until the case management system is sufficiently developed to allow this interface between the two.

Procurement of Contractor Framework

- 3.10 A procurement strategy is currently being developed to identify the best route to procure a framework of contractors which will ensure quality and best value for owners. This new framework will comprise of one or more multi-trade contractors

and will be in place in time for the full launch of the new service. Projects dealt with during the pilot period will be procured on a case by case basis in line with Contract Standing Orders.

Measures of success

- 4.1 Conclusion of reviewing statutory notice projects.
- 4.2 Billing and collection of outstanding debt.
- 4.3 Resolution of complaints.
- 4.4 Launch of new replacement enforcement service.

Financial impact

- 5.1 Significant financial issues with a collective value of approaching £30million require to be concluded and resolved.
- 5.2 On 19 March 2015, following the decision to make available a budget for 2015/16 of £1.5million, the Finance and Resources Committee considered a report on the revised implementation plan for the new Shared Repairs Service. Committee approved option 1 which proposes launching the service on a pilot basis from 1 September 2015, with the full launch scheduled for late March 2016.
- 5.3 As a consequence of budget decisions the overall 2015/16 available budget for the legacy and new Shared Repairs Service is £3.9 million.

Risk, policy, compliance and governance impact

- 6.1 This area of work represents a significant financial and reputational risk for the Council.

Equalities impact

- 7.1 There is no equalities impact arising from this report.

Sustainability impact

- 8.1 There is no adverse environmental impact arising from this report.

Consultation and engagement

- 9.1 Not applicable.

Background reading/external references

[Report to Finance and Resources Committee, 19 March 2015 - Property Conservation - Programme Momentum Progress Report](#)

[Report to City of Edinburgh Council, 12 February 2015, Shared Repairs Services - Development of a New Service.](#)

[Report to City of Edinburgh Council 11 December 2014, Shared Repairs Services - Development of a New Service -](#)

Alastair Maclean

Director of Corporate Governance

Contact: Andrew Field, Senior Operations Manager

E-mail: andrew.field@edinburgh.gov.uk | Tel: 0131 529 7354

Links

Coalition pledges	P40 – Work with Edinburgh World Heritage Trust and other stakeholders to conserve the city’s built heritage P41 – Take firm action to resolve issues surrounding the Council’s Property Services
Council outcomes	CO19 – Attractive Places and Well Maintained – Edinburgh remains an attractive city through the development of high quality buildings and places and the delivery of high standards and maintenance of infrastructure and public realm
Single Outcome Agreement	SO4 – Edinburgh’s communities are safer and have improved physical and social fabric
Appendices	Appendix 1: Management Information Dashboards Appendix 2: Property conservation - Debt Recovery and Customer Care



Programme Momentum Dashboard March 2015



Monthly progress update (for reporting purposes month end is 25 March)

OVERVIEW OF PROGRESS

All unbilled cases have been reviewed, as have the originally identified complex complaint cases. The new settlement process continues and is on target to compete in July 2015. Billing also continues and has now exceeded £11m with £5.7m recovered. Interviews for the Head of Edinburgh Shared Repairs have taken place and has been offered to the preferred candidate. The budget commitment for the new service has meant that a pilot service will commence in September 2015 with the full launch in March 2016.

TIMESCALES



TOP RISKS	MITIGATION	RAG
1. Debt Recovery – Aged Debt	Additional provisions have been made through the appointment of Morton Fraser to aged debt.	Yellow
2. Recruitment	Key posts only will be recruited with others being advertised in early 2016.	Yellow
3. Bad Debt Provision	The provision continues to be monitored on a weekly basis and reported monthly.	Red
4. Settlement Process	Settlement process underway but reputational, resourcing and financial risk remains high.	Yellow
5. IT Systems	Steering Group established to progress IT workstream.	Yellow
6. Procurement	A full risk and cost/benefit analysis on procurement options is being undertaken.	Red

OVERALL STATUS	RAG	COMMENTS
CUSTOMER SERVICES	Yellow	Complaints decreasing but Councillor enquiries increasing.
FINANCE	Green	Financial reporting is consistent but limited data within systems complicates reporting.
PROJECTS	Green	TB now working on limited number of projects. The majority of projects will be completed by October 2015.
LEGAL	Red	Steady increase in the number of cases requiring legal action and in numbers being resolved.
CASE REVIEW & SETTLEMENTS	Yellow	All Momentum cases are completed. Additional cases commenced. Settlement process implemented
EMERGENCY SERVICE	Green	Activities are well managed and there are no key risks or issues
NEW SERVICE	Red	Implementation activities have commenced. Procurement and IT provision remain the key risks

INFORMATION / DECISIONS

1. Ongoing approvals of irrecoverable WIP and settlements
2. Resource projection for full legacy closure and implementation and operation of the new service
3. New Service ICT, procurement and staffing update

KEY PLANNED ACTIVITIES

1. Progress new service development in in light of new service budget decision
2. Management information development for debt recovery workload handled by Morton Fraser
3. Continued focus on escalation of billing and settlements activities
4. Procurement contractor framework analysis for the new service





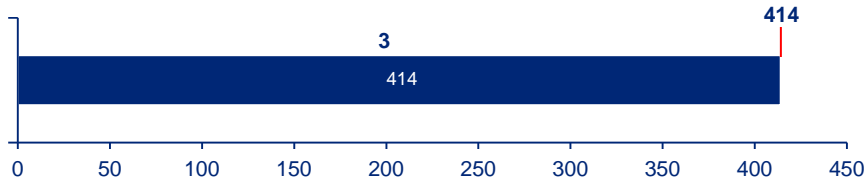
Case Reviews & Settlements

Programme dashboard as at 25 March 2015

Progress

All unbilled cases have now been reviewed by Deloitte and are in the process of billing defect reparation as appropriate. Deloitte have also completed the reviews of the originally identified complaint cases and these have been passed into the settlement process. The settlement process is underway with half of all complainants contacted with a settlement letter. The settlement process for complainants remains on target to be completed by July 2015. There are a further 20 additional complaint cases which have currently been identified for review.

Joule Reviews (unbilled projects)



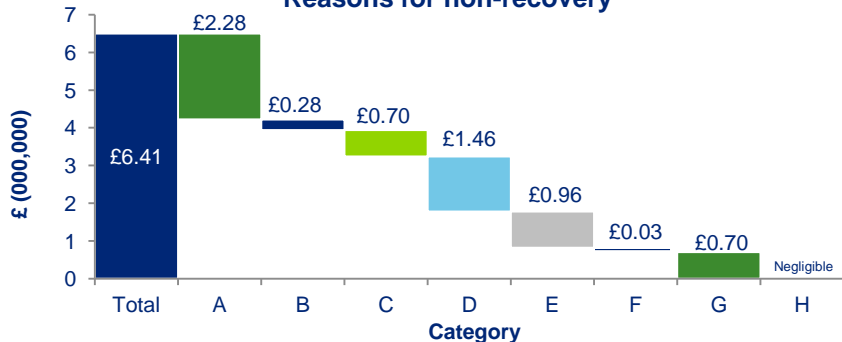
Stage

1 = Projects with missing critical information 3 = Released for further action or billing
2 = QA and panel stage

Metrics

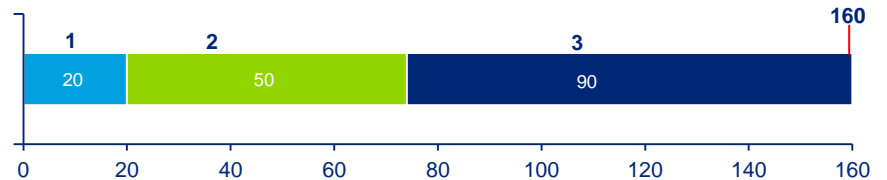
Value released 414 projects	Recommended Recovery 414 projects	Recommended Non- recovery 414 projects	Total Invoiced	Total Recovered
£22.47m	£16.06m	£6.41m (28.5% write off)	£11.8	£5.7m

Reasons for non-recovery



A = Work outside scope of Notice
B = Incorrectly served Notice
C = Insufficient documentation to support recovery
D = Unverifiable costs
E = Inappropriate use of Emergency Notice
F = Third party costs not included on notice
G = Problematic Contractual Conditions
H = Equal divisibility per share

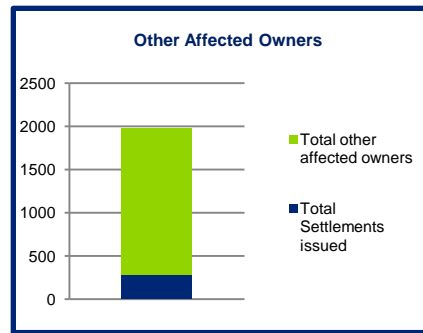
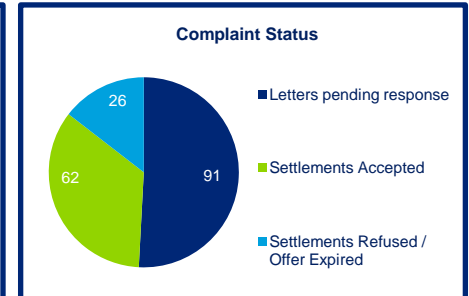
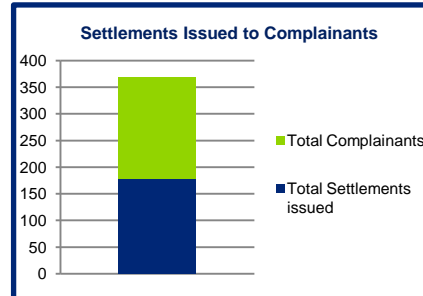
Complex Complaints Case Reviews & Settlements



Stage (Projects)

1 = Case reviews – additional cases 3 = Offer/ settlement stage
2 = QA and panel stage

Settlements Approved & Issued



Settlement Value	
Total Settlements Approved under delegated authority	£1.447m
Settlements offered to date	£418k
Settlements paid to date	£115k



Finance

Programme dashboard as at 25 March 2015

Progress

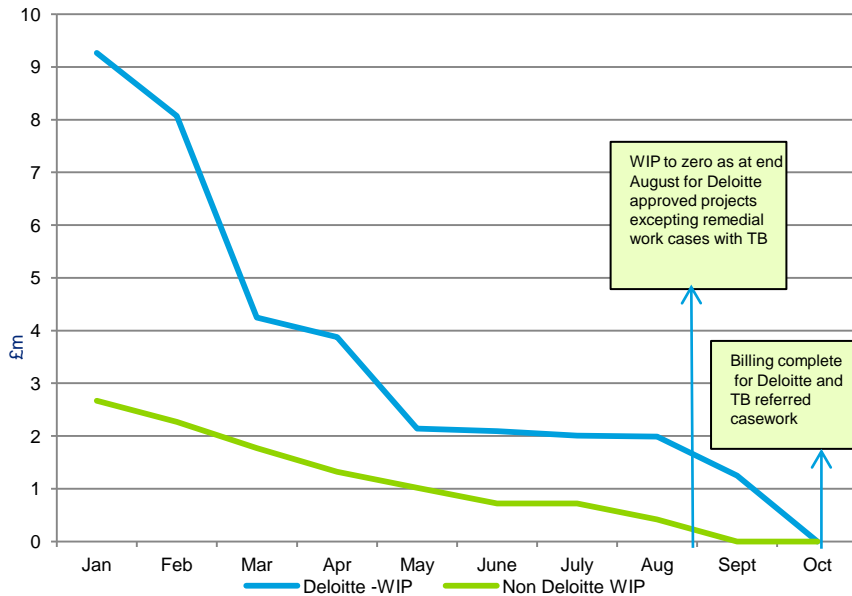
- Billing has steadily increased to £11.8million with £5.7m recovered. A further £5.4m remains to be billed.
- With the exception of a small number of on-site projects, billing will be complete as at end August 2015.
- The WIP for unbilled cases has reduced from £22m as at Jan 2014 to £5m as at March 15.
- The full year budget forecast for the programme at March 2015 is £4.8m. This represents a £.04m reduction in anticipated spend due to slippage in IT and associated costs following the delayed full new services launch.

14/15 Budget Requirements

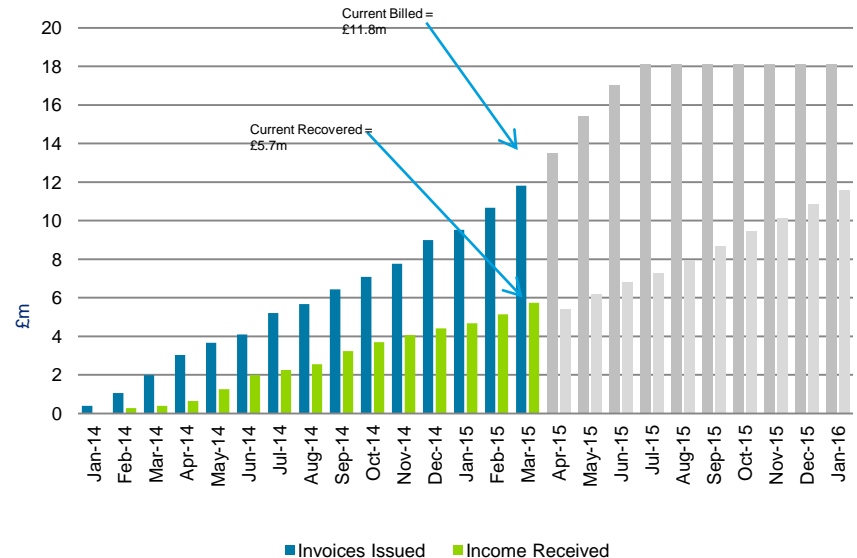
Summary	FY Revenue Budget	FY Forecast	FY Variance
Closure Programme & Defect Remedy Costs	£0	£3,626,843	£3,626,843
New Enforcement Service	£0	£706,357	£706,357
Shared Repairs Service	£0	£489,081	£489,081
TOTAL	£0	£4,822,281	£4,822,281

The overall budget for the New Shared Repairs Service and the legacy closure programme for 2015/16 has now been approved by Committee at £3.9 million.

Work in Progress



Projection of Deloitte approved Statutory notice repair debt





Legal & Debt Recovery

Programme dashboard as at 25 March 2015

Progress

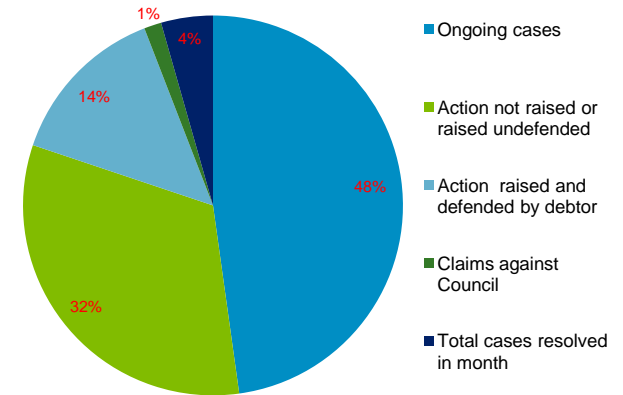
The scope of the existing contract with Morton Fraser has now been extended to include all statutory notice debt recovery under the revised debt recovery policy. It is anticipated that the number of debt recovery cases will increase as more projects are billed. The number of these cases which are contested to the extent that evidence requires to be heard in court are estimated to be less than five, albeit a significant higher number may not resolve themselves until shortly before evidence is due to be heard in court.

In the last 3 months, 17 cases have been resolved; 14 of these were resolved in the Council's favour, of which 3 were resolved by way of a settlement agreement. The other 11 were all resolved by the Court passing judgement in the Council's favour. However, as the owners did not contest the judgement being issued, the Court did not need to hear evidence from witnesses or hear legal arguments.

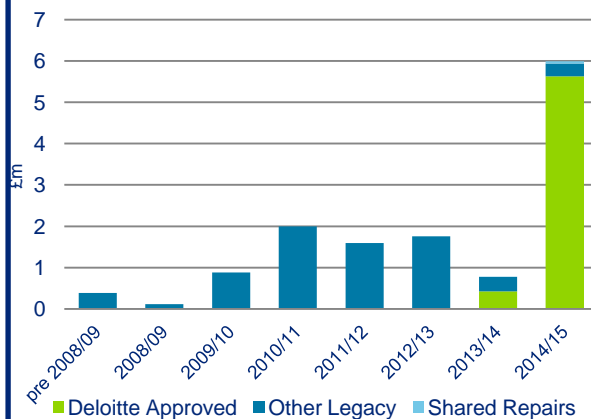
Legal Cases

	Jan 15	Feb 15	Mar 15
Total number of ongoing cases at month end	81	75	65
Debt pursued by Council - Action not raised or raised and undefended	60	55	44
Debt pursued by Council - Action raised against and defended by debtor	19	18	19
Claims raised against the Council	2	2	2
Total no of cases resolved during month	5	6	6
Resolved by the Council of which (x) were settled out of court	4 (1)	5 (1)	5(1)
Resolved against the Council of which (x) were settled out of court	0	0	0
Not pursued - i.e. owner sequestered, gone away etc	1	1	1

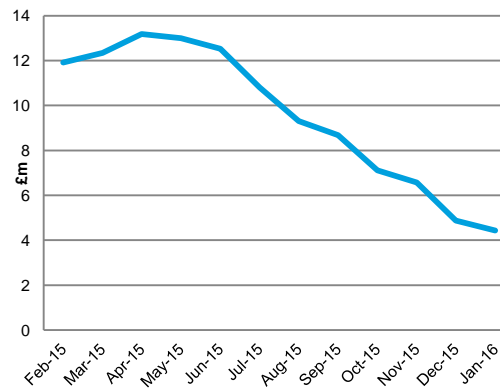
Legal Cases Across Legacy Service Mar 15



Aged Debt at 25 Mar - by year



Aged Debt Profile



Aged Debt breakdown

Status	Deloitte Reviewed	Other Legacy	Shared Repairs	TOTAL
On hold	£758,556	£85,103	£2,038	£845,696
Active	£2,836,466	£411,006	£39,181	£3,286,654
Suspend	£1,068,164	£5,111,092	£1,979	£6,181,235
Potential Legal Action	£1,393,722	£1,782,522	£8,287	£3,184,531
TOTAL	£6,056,908	£7,389,723	£51,485	£13,498,116

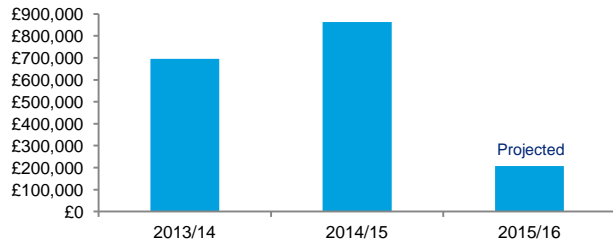


Projects

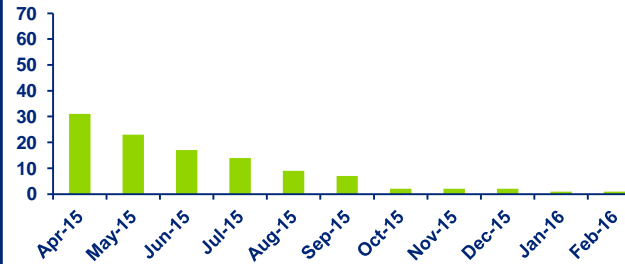
Programme dashboard as at 25 March 2015



Project Costs Incurred by the Council each year



Projects forecast in 15/16



Progress

Thomson Bethune continue to provide technical support to the programme including site surveys and reports, together with liaison with consultants and owners to bring cases to a close. Workload continues to show a reduction in volume of projects with most projects completed by October 2015.

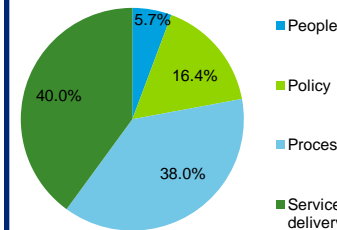


Customer Services

Programme dashboard as at 25 March 2015

CUSTOMER SERVICES KPI	Jan 15	Feb 15	Mar 15
No. of customer enquiries received	83	397	342
No. of customer enquiries closed	614	391	309
No. of solicitor enquiries	475	555	648
No. of customer complaints received	59	81	39
No of customer complaints closed	47	84	39
No of FOIs received new (reviews)	15	22	27

Types of complaints Closed Mar 15



Progress

Customer Services continue to see high volumes of enquiries. Solicitor enquiries continue to grow month on month. Complaints volumes dropped during March, Councillor enquiries have increased as more complaints reach the final stages and complainants look to other avenues for resolution.



Shared repairs

Programme dashboard as at 25 March 2015

SHARED REPAIRS KPI	Jan15	Feb 15	Mar 15	Trend
No of requests for advice/ info only.	268	303	251	↓
No. of service requests	88	82	110	↑
No of emergency repair inspections resulting in statutory notices issued	64	63	94	↑
No. of Emergency service requests where information/ advice was provided	24	19	16	↓
Value of invoices issued to owners for emergency repairs (cumulative)	£259,775	272,035	297,994	↑
Value of income received from owners for emergency repairs (cumulative)	£209,803	219,099	239,163	↑

Progress

The number of requests for advice and information recorded this month have been the lowest amount so far this year however, the number of service requests received asking us to attend to emergency issues is the highest we have dealt with so far this year.

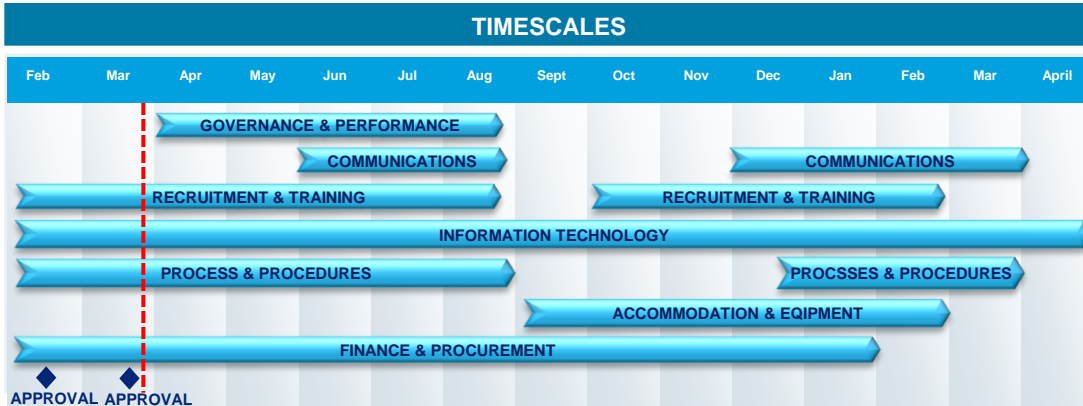


New Service

Programme dashboard as at 25 March 2015

OVERVIEW OF PROGRESS

A budget of £1.5m has been allocated to the new service for 2015/16 - a 30% reduction from the £2.16m required as per the blueprint design. An options report was submitted to Finance and Resources Committee on 19th March 2015, outlining the implications of the revised budget and requesting a decision on the way forward. Committee approved that the service be launched on a pilot basis from 1 September 2015, with the full launch delayed until March 2016 and the emergency service retained in the interim period. The key milestones and critical path will be reviewed and updated to match the new project timeline.

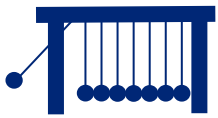


TOP RISKS	MITIGATION	RAG
1. Recruitment	Recruitment timeline revised due to budget allocation. Most posts will not be filled until March 2016. No budget available to pursue co-source option if internal recruitment fails. Co-ordinated recruitment campaign provided candidates for the Head of Shared Repairs and Head of Surveying . Interviews will be held late March.	Red
2. Budget Pressure	IT and pilot project costs not fully known, estimates in place. Once full costs received decisions will be required over what should be developed or taken on by the service prior to March 2016.	Red
3. IT Systems	Steering Group established to progress IT workstream. Working closely with ICT solutions team to engage an IT Project Manager to oversee design and implementation of both CRM and case management system. Initial draft IT project plan produced, further work to agree key activities planned. Case management system to be agreed through workshop with potential providers. Full costs to be developed, reviewed and agreed	Yellow
4. Implementation team	Current project team are not part of the new service staff, so there is no new service rep currently involved in key decision making. Appointment of senior management ASAP is essential for effective handover.	Yellow

OVERALL STATUS	RAG	COMMENTS
Governance & Performance	Yellow	Draft key activities and milestones will be reviewed to aligned to the revised project timeline
Communications	Yellow	Communication activity moved into early 2016. Development of new materials will be completed for the launch of pilot projects in September 2015.
Recruitment & Training	Yellow	Recruitment campaign to recruit senior management team closed. Budget reduction dictates that only the posts of Head of Shared Repairs and Head of Technical Services will be interviewed.
IT	Yellow	User Stories developed, Finalising transactions and user requirements in progress. Workshop scheduled for late April with potential provider of the case management system
Processes & Procedures	Yellow	A hierarchy of processes and procedures produced. Detailed Information trackers in development for each process area to progress production of manuals for the service.
Accommodation & Equipment	Yellow	Accommodation team are to be updated as staffing profile changes between Legacy, current Shared Repairs and new team members.
Finance & Procurement	Yellow	Preferred option of Multi Trade Contractors on a framework is currently be explored, with input from Technical experts.

INFORMATION / DECISIONS

1. Programme Board 14/04/2015 – agree Head of Shared Repairs appointment and preferred procurement route



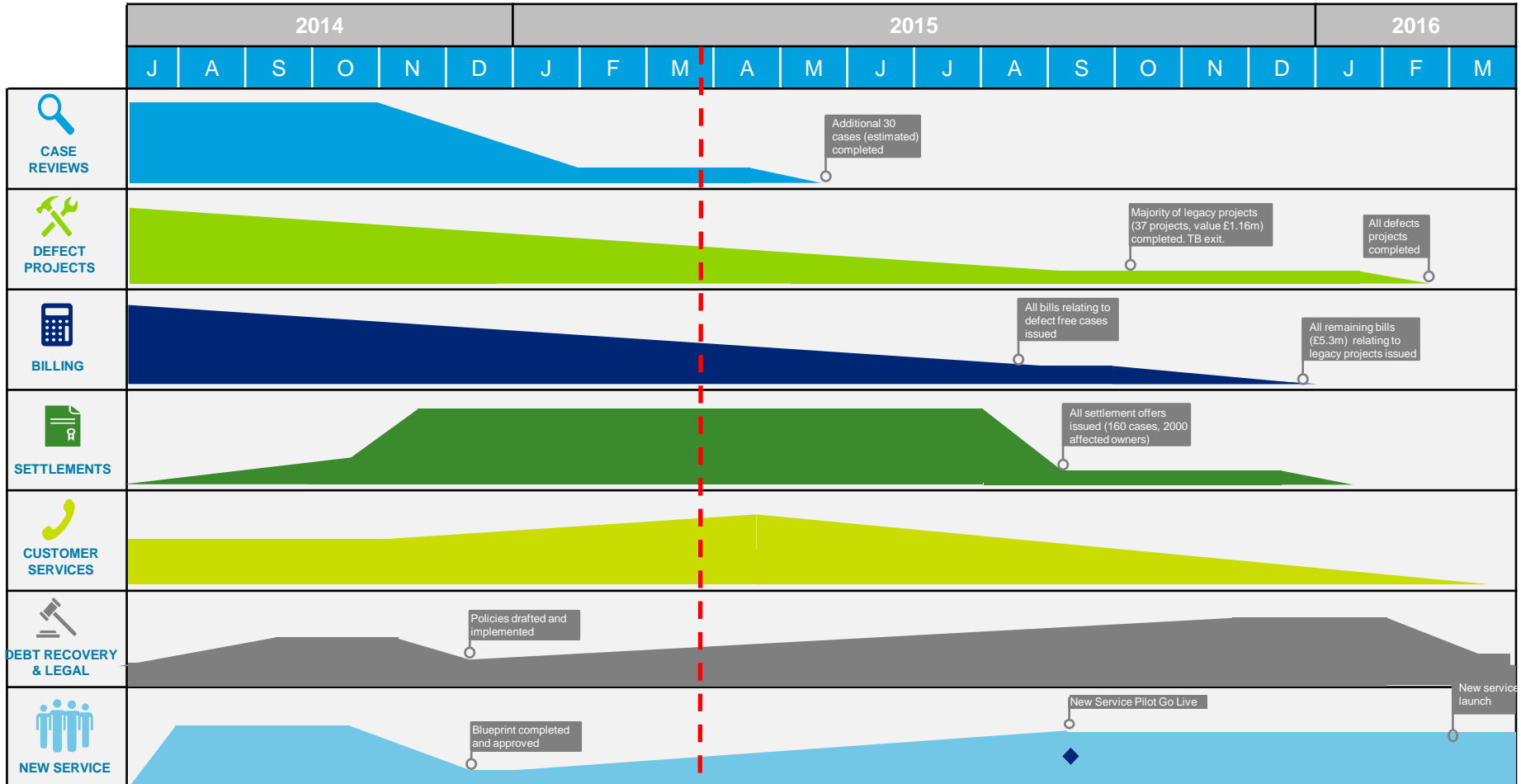
Programme Momentum – Remaining Activity

Monthly progress update (for reporting purposes month end is 25 March)



PROGRESS AND FORECAST

Below, an activity volume forecast is provided below to show the progress since the Programme Momentum was established in July 2015 and the estimated remaining programme to close the legacy service and launch the new replacement service.



Appendix 2

Property Conservation – Debt Recovery and Customer Care

Background

In July 2014 Programme Momentum was established as a robust end-to-end process across all workstreams relating to legacy Statutory Notice issues, including the development of a new shared repairs service. Throughout the early stages of the programme an analysis of the existing service was undertaken to provide an overview of processes, resources, activity volumes, IT systems and issues. As a result of this analysis, an interim organisational structure was implemented in October 2014. The interim structure arranged core activities into distinct teams including:

- a consolidated customer service team with a single customer contact gateway, refined complaint-handling processes and an improved online presence, with management seconded from the Corporate Customer Care Service;
- a robust finance and billing team with management support from the Corporate Finance Service; and
- a case review and settlement team leading the closure of all independently reviewed complaint cases.

To date, a large number of complaints and enquiries continue to be received by the Customer Services team mainly as a result of bills issued to owners following the case review process.

Debt Recovery and Customer Care

In March 2015 an extension in scope of the existing Morton Fraser debt recovery partnership was reported to the Committee. The extension of the partnership is designed to recover more debt more quickly in respect of Statutory Notice works than is currently possible because of Council resourcing, and to reduce the requirement to undertake formal proceedings. The new debt recovery arrangement with Morton Fraser began on 1 April 2015.

The additional scope is based on all statutory notice debt being handled by Morton Fraser, with debt passed to Morton Fraser at an earlier stage in the debt recovery process: 93 days after the initial invoice is issued. In the first instance all debtors will receive a 'soft' letter detailing the payment options available.

The revised arrangements with Morton Fraser will be fully in line with the Council's Corporate Debt policy, including the amended policy in respect of statutory notice debt approved by the Corporate Policy and Strategy Committee in December 2014. The revised policy for statutory notice debt provides owners with the opportunity to enter into extended payment plans of up to 10 years for larger debt, and to register a voluntary inhibition in respect of their debt.

Strong customer service links will be maintained throughout the process. At any point in proceedings owners can contact the Property Conservation Service to discuss the details of their outstanding debt and to establish the options available to settle this debt. Similarly, owners can discuss payment options and arrange payments direct with Morton Fraser. Staff from the Council's Accounts Receivable team, including the Council's Debt Recovery Manager, are seconded to the

service and provide a key resource in relation to advice and guidance for owners, as well as a core knowledge-base in the partnership with Morton Fraser's debt recovery team. This ensures that owners are able to access full details about payment options from the service or from the Morton Fraser team.

In addition to the customer service arrangements, robust client management protocols have been established with Morton Fraser to ensure consistent levels of customer service in the handling and collection of statutory notice debt. Weekly progress reports will be provided to the service manager outlining the progress and debt recovery status of each case. In addition, monthly progress review meetings are scheduled with the Morton Fraser team to monitor and capture the handling of cases. These client management arrangements ensure that key touch-points are in place for the escalation of debt from a 'letter prior to action' stage, through to formal court proceedings, with authorisation provided by the Head of Shared Repairs. Contentious cases are discussed with management at regular touch-points to provide ongoing oversight of the process.

Progress reports in relation to debt recovery will be included within the current Management Information dashboards and will be provided to the Programme Board and Committee on a monthly basis.

Finance and Resources Committee

2.00 p.m, Wednesday 13 May 2015

Summary Report on Property Transactions concluded under Delegated Authority

Item number	8.1
Report number	
Executive/routine	Routine
Wards	City-wide

Executive summary

To advise the Committee of all lease agreements, etc, concluded in terms of the Council's 'Scheme of Delegation to Chief Officials'.

This delegated authority currently extends to the conclusion of all new leases of up to five years in length where the rental is no greater than £50,000 per annum and rent reviews where the rental is no greater than £50,000 per annum. The authority also includes the sale of property which has been declared surplus to the requirements of the Council and sold on the open market to the highest bidder. Any transactions outwith these parameters are reported separately to Committee.

Links

Coalition pledges	P30
Council outcomes	CO7
Single Outcome Agreement	SO1

Summary Report on Property Transactions concluded under Delegated Authority

Recommendations

- 1.1 The Committee is asked to note that the 19 transactions detailed in the attached Appendix have been concluded in terms of the Council's 'Scheme of Delegation to Chief Officials.'

Background

- 2.1 Under the Council's Scheme of Delegation to Officers it is the responsibility of the Chief Executive or relevant Director to keep the elected members appropriately informed about activity arising within the scope of the delegated authority under the Scheme. Reporting on a quarterly basis is considered the appropriate manner and frequency of keeping members advised.

Main report

- 3.1 Appendix 1 provides details of 19 transactions completed under delegated authority since the last quarterly report. These transactions comprise 6 new leases, 1 event leases, 1 new licence for work leases, 2 lease renewals/extensions, 5 rent reviews, 3 disposals and 1 miscellaneous transaction.

Measures of success

- 4.1 n/a

Financial impact

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

Risk, policy, compliance and governance impact

- 6.1 There are no risk, policy, compliance or governance impacts as a result of this report.

Equalities impact

- 7.1 Equalities and Rights Impact Assessments have been carried out on all of the enclosed transactions.

Sustainability impact

8.1 There are no sustainability impacts as a result of this report.

Consultation and engagement

9.1 n/a

Background reading/external references

N/a

John Bury

Acting Director of Services for Communities

Contact: Graham Tully, Acting Estates Services Manager

E-mail: graham.tully@edinburgh.gov.uk | Tel: 0131 529 5961

Links

Coalition pledges	P30 - Continue to maintain a sound financial position including long-term financial planning.
Council outcomes	CO7 - Edinburgh draws new investment in development and regeneration.
Single Outcome Agreement	SO1 - Edinburgh's economy delivers increased investment, jobs, and opportunities for all.
Appendices	Appendix 1.

APPENDIX 1

NEW LEASES

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
1. 12558/6 JAS	10 – Meadows / Morningside	Services for Communities HRA	137 Lauriston Place Edinburgh EH3 9JN	Mr. Chris Doonan t/a Electron Wheels Limited	Servicing and sale of electric mobility equipment and associated accessories	Old Rent: £13,000 per annum New Rent: £4,000 per annum, rising to £8,000 after 2 years Lease Period: 15 Dec 2014 – 31 Dec 2019 Payable: Monthly in advance from 15 December 2014
<input checked="" type="checkbox"/> ERIA received?						
REMARKS: <i>Rent from date of entry £4,000 per annum (exclusive) for initial 2 year period, thereafter reverts to £8,000 per annum (exclusive). Lower rental reflects that the basement is excluded from the lease.</i>						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
2. 17426/4 JAS	13 – Leith	Services for Communities General Property	Unit 4 Bonnington Business Centre	Ramsay Cornish Auctioneers and Valuers Limited	Storage and ancillary office and sales use	Old Rent: £14,900 per annum New Rent: £16,335 per annum Lease Period: 30 Oct 2014 – 30 Apr 2015 and month to month thereafter Payable: Monthly in advance
<input checked="" type="checkbox"/> ERIA received?						
REMARKS: <i>Short term let</i>						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
3. 21264/ JAS	7 – Sighthill / Gorgie	Services for Communities General Property	1 Murrayburn Gate Edinburgh EH14 3BL	Ms. Iscah NG'onomo	Grocery store	Old Rent: £9,340 per annum New Rent: £9,000 per annum Lease Period: 10 Mar 2015 – 9 Mar 2020 Payable: Quarterly in advance from 5 th May 2015

ERIA received?

REMARKS:

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
4. 21289 JW	4 – Forth	Services for Communities General Property	Unit 12 9 Pennywell Court Edinburgh EH4 4TZ	T Chengeta	Hairdressing salon	Old Rent: £0 per annum New Rent: £6,000 per annum Lease Period: 5 years from 16 Mar 2015, with tenant break options at the end of year 1 and 3 Payable: Monthly in advance

ERIA received?

REMARKS:

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
5. 8335 MB	11 – City Centre	Services for Communities HRA	98 West Bow Edinburgh	Calzeat and Company Limited	Retail	Old Rent: £17,000 per annum New Rent: £20,000 per annum Lease Period: 5 years from 20 Feb 2015 – 19 Feb 2020 Payable: Quarterly in advance

ERIA received?

REMARKS: *Tenant break option on 20/02/2017 on three months written notice. Annual rent of £20,000 on reduced floor area of 378 sq ft provides Zone A rate of £52.91. Tenant granted two months rent free to fit out.*

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
6. 35/W380N/9 MB	9 – Fountainbridge / Craiglockhart	Services for Communities General Property	Unit 9 West Gorgie Park Edinburgh	Brand Impact Merchandising Limited	Warehouse	Old Rent: £6,360 per annum New Rent: £7,000 per annum Lease Period: 5 years from 1 Apr 2015 to 31 Mar 2020 Payable: Quarterly in advance
<input checked="" type="checkbox"/> ERIA received? REMARKS: <i>New FRI lease. Annual rent of £7,000 on gross internal area of 775 sq ft provides rate of £9.03 per sq ft. Tenant granted three months rent free to fit out.</i>						

NEW LEASES – EVENTS

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
7. 42/1391/6 JS	11 – City Centre	Children & Families	Hall, Rm 1, Conference Rm 1, Cupboard & Rm 3, at South Bridge Resource Centre, 6 Infirmary St, EH1 1LT	Greenside Venues Ltd	Festival space	Old Rent: £ NA New Rent: £11,880 for the period Lease Period: 25 Jul – 2 Sept 2015 Payable: In advance
<input checked="" type="checkbox"/> ERIA received? REMARKS:						

NEW LEASES – LICENCE FOR WORKS

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
8. 5646 ROD	11 – City Centre	Services for Communities General Property	Car Park, 5-6 Marshall's Court	Trendy Celt (Baxter Place) Limited	Site Compound Licence	Old Rent: n/a New Rent: £35,000 per annum Lease Period: 20 Oct 2014 – 19 Aug 2016
<input checked="" type="checkbox"/> ERIA received? REMARKS:						

LEASE RENEWALS/EXTENSIONS

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	TENANT	USE	TERMS
9. ES779/12 IL	17 – Portobello/ Craigmillar	Services for Communities General Property	31 Peffer Place, Edinburgh, EH16 4BB	Hotfrost Limited	Office/ Distribution (Class 4,5,6) Distribution of heat and ventilation equipment	Old Rent: £15,900 per annum New Rent: £19,200 per annum From: 19 Mar 2015 to 20 Mar 2020 Payable: Quarterly, in Advance

 ERIA received?

REMARKS:

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	TENANT	USE	TERMS
10. IL	4 – Forth	Services for Communities General Property	32 West Shore Road, Edinburgh, EH5 1QD	Biffa Waste Services Ltd	Ground Lease (The site is used for car parking and skip store)	Old Rent: £15,000 per annum New Rent: £27,000 per annum From: 1 Mar 2015 to 28 Feb 2020 Payable: Quarterly, in Advance

 ERIA received?

REMARKS:

RENT REVIEW

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
11. CLO-U05 IL	3 – Drum Brae /Gyle	Services for Communities General Property	Clocktower Unit 6 Flassches Yard Edinburgh EH12 9LB	Pulsant (South Gyle) Limited	Business Use (Class 4,5) Data Centre	Old Rent: £32,100 per annum New Rent: £32,500 per annum From: 25 Aug 2014 – 24 Aug 2019 Payable: Quarterly, in Advance

 ERIA received?**REMARKS:** *Limited evidence to substantiate an increase and review agreed on a nominal uplift basis.*

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
12. IL	4 – Forth	Services for Communities General Property	26/30 West Shore Road Edinburgh EH5 1QD	UK Waste Management Ltd	Ground Lease (The subject has been developed into a waste transfer depot)	Old Rent: £23,600 per annum New Rent: £54,000 per annum From: 1 Oct 2013 to 30 Sept 2018 Payable: Quarterly, in Advance

 ERIA received?**REMARKS:**

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
13. PEF01 – U02 IL	17 – Portobello /Craigmillar	Services for Communities General Property	Block 2, Units 1 & 2 Peffermill Industrial Estate Edinburgh EH16 5UY	Mrs Unis Spicy Foods	Business/ General Industrial (Class 4) Food Production	Old Rent: £24,000 per annum New Rent: £27,600 per annum From: 9 Nov 2013 to 8 Nov 2018 Payable: Quarterly, in Advance

 ERIA received?**REMARKS:**

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
14. IL	3 – Drum Brae /Gyle	Services for Communities General Property	Base Rent – Phase 2 Ratho Park 3 Ratho Park, Edinburgh EH28 8PP	Travelodge Hotels Ltd	Hotel (Class 7) Hotel, bar & restaurant	Old Rent: £390,525 per annum New Rent: £465,870 per annum From: 15 Jan 2015 to 14 Oct 2019 Payable: Quarterly, in Advance

ERIA received?

REMARKS:

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
15. IL	3 – Drum Brae /Gyle	Services for Communities General Property	Fixtures & Fittings – Phase 2, Ratho Park, 3 Ratho Park, Edinburgh, EH28 8PP	Travelodge Hotels Ltd	Hotel (Class 7) Hotel, bar & restaurant.	Old Rent: £18,970 per annum New Rent: £22,630 per annum From: 15 Oct 2014 to 14 Oct 2019 Payable: Quarterly in Advance

ERIA received?

REMARKS:

DISPOSALS

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
16. 21007B LT	3 – Drum Brae/Gyle	Services for Communities General Property	First tranche of land at South Gyle Wynd	Persimmon Homes	Residential Development	Purchase price: £2,938,117 Date of entry: 18 Dec 2014 Sale concluded: 18 Dec 2014
<input checked="" type="checkbox"/> ERIA received? REMARKS: <i>Highest Offer following open market tender. The site is being sold in three tranches – the second will be sold on 18 December 2015 and the final tranche on 18 December 2016.</i>						

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
17. 5646/D1 ROD	11 – City Centre	Services for Communities General Property	Unadopted Road, 5-6 Marshall's Court	Trendy Celt (Baxter Place) Limited	Servitude Right of Access (Servicing to Hotel)	Purchase Price: £45,000 Date of Entry: 26 Aug 2014 Sale concluded: 26 Aug 2014
<input checked="" type="checkbox"/> ERIA received? REMARKS:						

ITEM & REF NO.	WARD	OWNING DEPT/ ACCOUNT	SUBJECTS	PURCHASER	USE	TERMS
18. 5646/D1 ROD	11 – City Centre	Services for Communities (General Property)	Unadopted Road, 5-6 Marshall's Court	Trendy Celt (Baxter Place 2) Limited	Servitude Right of Access (Servicing to Hotel)	Purchase Price: £45,000 Date of Entry: 26 Aug 2014 Sale Completed: 26 Aug 2014
<input checked="" type="checkbox"/> ERIA received? REMARKS:						

MICELLANEOUS

ITEM & REF NO.	WARD	OWNING DEPT/ACCOUNT	SUBJECTS	TENANT	USE	TERMS
19. 21315 PW	6 – Corstorphine/ Murrayfield	Services for Communities	Site at Balbirnie Place, Edinburgh	83 S LTD (Company Number SC148181), Registered Office, 14 Rutland Square, Edinburgh, EH1 2BD	a) Servitude for disabled access serving residential development b) Temporary lease for contractor's compound and carrying out landscaping works required under Planning Consent.	a) Price: £1, if asked Route: The Council will be entitled to modify the route of the Servitude in order to accommodate works required for the Trams b) Temporary Lease: Rent: £15,000 for period of let Lease Period: 2 Jul 2014 – 31 May 2016 Payable: On date of entry
<input checked="" type="checkbox"/> ERIA received? REMARKS: a) <i>Council Legal and Surveyors fees: Tenant to meet subject to a cap of £1,500</i>						

Finance and Resources Committee

2.00 p.m, Wednesday, 13 May 2015

Proposed Ground Lease at Craiglockhart Sports Centre to Edinburgh Kayak Club

Item number	8.2
Report number	
Executive/routine	Routine
Wards	Fountainbridge / Craiglockhart

Executive summary

Edinburgh Kayak Club wishes to replace its existing storage shed at Craiglockhart Sports Centre, 177-191 Colinton Road and requires to enter into a new ground lease with the Council.

This report seeks authority to grant a 20 year ground lease to the Edinburgh Kayak Club of land at Craiglockhart Sports Centre for the erection of a new metal storage container.

Links

Coalition pledges	P42
Council outcomes	CO20
Single Outcome Agreement	SO2

Proposed Ground Lease at Craiglockhart Sports Centre to Edinburgh Kayak Club

Recommendations

It is recommended that Committee:

- 1.1 Approves the grant of a new 20 year ground lease, of 60 square metres of ground at Craiglockhart Sports Centre (CSC), for the erection of a new metal storage container, to Edinburgh Kayak Club on terms and conditions contained in this report, and on other terms and conditions to be agreed by the Acting Director of Services for Communities and the Head of Legal, Risk and Compliance.

Background

- 2.1 The Edinburgh Kayak Club (EKC) is a recreational sports club with over a hundred members, comprising kayaking enthusiasts and instructors. Members are of all ages from young children to adults of 70 plus years.
- 2.2 EKC currently uses an existing wooden shed by agreement with Edinburgh Leisure but it is no longer fit for purpose, and there are both safety and security concerns in respect of storage and access to the Club's equipment.
- 2.3 EKC has identified an area of ground, extending to 60 sq metres or thereby, shown outlined red on the attached plan, as being suitable for the location of a new metal container which will provide the required security for the Club's equipment.
- 2.4 The ground is not considered to have any alternative commercial use and Parks and Greenspace, on whose account the land is held, has no objection to the proposed 20 year lease.

Main report

- 3.1 EKC has raised £10,000 of funding towards the container and has secured a further £10,000 of funding from the Active Places Fund, subject to agreeing a 20 year lease with the Council.
- 3.2 The following main terms and conditions of lease have provisionally been agreed with the EKC:-
 - Subjects: 60 sqm, or thereby, as shown on the attached plan.
 - Term: 20 year lease from 1 June 2015.
 - Rental: £50 per annum with a three yearly rent review pattern.

- Break Options: Mutual at years 12, 15 and 18.
- Use: Erection of metal storage container and access there to.
- Repair: Full repairing and insuring obligation on tenant.
- Costs: ECK will bear the Council's legal and surveyor's costs.
- Other: Statutory and planning consent to be obtained by tenant.

Measures of success

- 4.1 Allowing EKC the security of a long term lease will provide the group with a new safe storage facility, and the capacity to store further equipment. This in turn will allow the club to expand their membership to the wider community.

Financial impact

- 5.1 The General Fund will receive an increase in budgeted rental income of £50 per annum.
- 5.2 EKC has obtained funding for the new container so the Council will not be put to any expense as a result of the new lease agreement.
- 5.3 EKC has confirmed that it will pay the Councils' reasonable legal and surveyors expenses incurred in the preparation of the lease.

Risk, policy, compliance and governance impact

- 6.1 This letting does not seek to change any policies which are currently in place. There is minimal risk to the Council as the new container will be acquired, erected and maintained by EKC.

Equalities impact

- 7.1 Allowing a 20 year lease to the EKC will continue to ensure that health and wellbeing opportunities are available for all ages in both the community and surrounding area. The club will continue to provide equipment and coaching to all, thereby enhancing skills and promotion of healthy living.

Sustainability impact

- 8.1 The impacts of this report in relation to the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties have been considered, and the outcomes are summarised below.
- 8.2 The proposals in this report will increase carbon emissions due to the removal and transportation to landfill of the existing wooden shed, as well as the production and transfer of the new metal container. This impact will be addressed by the reduction in regular maintenance and materials including painting, timber and other associated materials, required to repair and maintain the existing dilapidated wooded shed.

- 8.2 The need to build resilience to climate change impacts is not relevant to the proposals in this report because the new container will not significantly impact on the city's resilience.
- 8.3 The proposals in this report will help achieve a sustainable Edinburgh because the provision of a sporting facility will encourage physical activity along with health and mental wellbeing. It will also encourage social cohesion by allowing the public to socialise and become members of the Club. Encouraging people into the sport will also support the local economy as there will be a need for the purchase of new equipment from local retailers by both the club and individuals.

Consultation and engagement

- 9.1 Local ward members have been consulted regarding the contents of this report and no objections have been raised.

Background reading/external references

For further information on the club, the website is: <http://www.edinburghkayak.com/>

John Bury

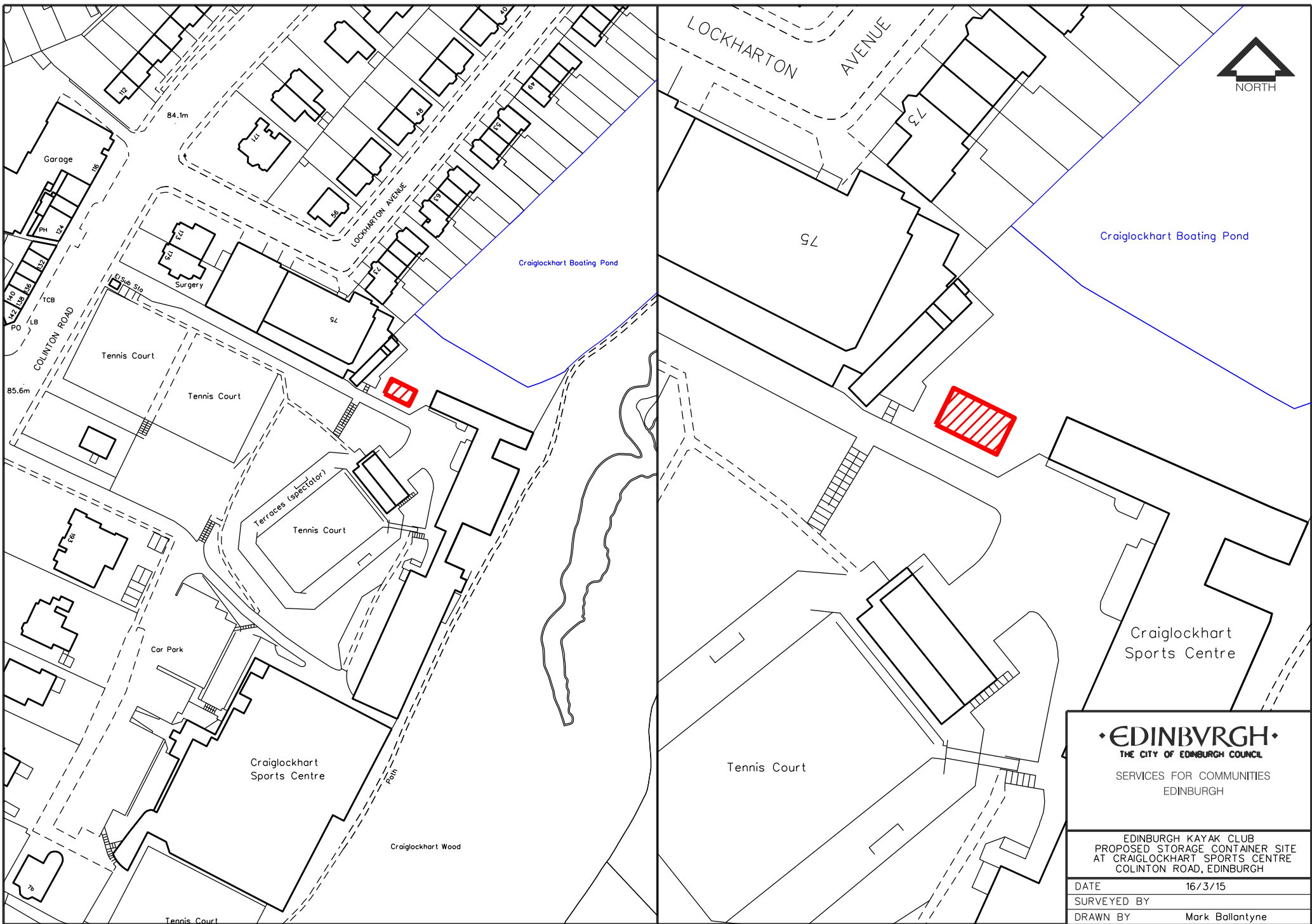
Acting Director of Services for Communities

Contact: Amanda Fraser, Estates Surveyor

E-mail: amanda.fraser@edinburgh.gov.uk | Tel: 0131 529 5931

Links

Coalition pledges	P42 – Continue to support and invest in our sporting infrastructure.
Council outcomes	CO20 – Culture, sport and major events – Edinburgh continues to be a leading cultural city where culture and sport play a central part in the lives and futures of citizens.
Single Outcome Agreement	SO2 – Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities and health.
Appendices	Location Plan.



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 THE CITY OF EDINBURGH COUNCIL
 SERVICES FOR COMMUNITIES
 EDINBURGH

EDINBURGH KAYAK CLUB
 PROPOSED STORAGE CONTAINER SITE
 AT CRAIGLOCKHART SPORTS CENTRE
 COLINTON ROAD, EDINBURGH

DATE	16/3/15
SURVEYED BY	
DRAWN BY	Mark Ballantyne
SCALE	N.T.S.
NEG. NO.	A4/157

LOCATION PLAN

PHOTOGRAPHICALLY REDUCED NOT TO SCALE

SITE PLAN

Finance and Resources Committee

2.00 p.m, Wednesday, 13 May 2015

Disposal of Housing Revenue Land adjacent to 1 Murrayburn Park

Item number	8.3
Report number	
Executive/routine	Routine
Wards	7 – Sighthill/Gorgie

Executive summary

Mr Ayfol Uddin, the owner of the house at 1 Murrayburn Park, Wester Hailes, is seeking to purchase approximately 153.18 sq m of Housing Revenue Account (HRA) amenity land, adjacent to his house at Murrayburn Park for use as garden ground.

The land is a corner plot situated between residential properties, on Murrayburn Park and Murrayburn Gardens.

This report seeks Committee approval to dispose of the area of ground on terms outlined in this report.

Links

Coalition pledges	P17
Council outcomes	CO16
Single Outcome Agreement	SO4

Disposal of Housing Revenue Land adjacent to 1 Murrayburn Park

Recommendations

It is recommended that Committee:-

- 1.1 Approves the disposal of the land adjacent to 1 Murrayburn Park, extending to 153.18 sq m or thereby, to Mr Ayfol Uddin, on the terms and conditions outlined in this report, and on such terms and conditions to be agreed by the Acting Director of Services for Communities and the Head of Legal, Risk and Compliance.

Background

- 2.1 The Council owns the corner plot adjacent to 1 Murrayburn Park, extending to 153.18 sq m, as shown edged red on the attached plan. The land is held on the Housing Revenue Account (HRA).
- 2.2 Mr Ayfol Uddin, the owner of the adjoining house at 1 Murrayburn Park, has approached the Council requesting to purchase the ground for use as garden ground.
- 2.3 The Housing and Regeneration Service has been consulted, and the ground has been declared surplus to operational requirements, subject to consent from the Scottish Ministers to dispose of the HRA site under Section 12 of the Housing (Scotland) Act 1987 (as amended).

Main report

- 3.1 Following negotiation, provisional agreement has been reached with Mr Uddin, on a disposal based on the following main terms and conditions:

Subjects:	All and whole the amenity land extending to 153.18 sq m or thereby;
Use:	The land will be used for garden ground;
Purchase Price:	£3,400 (exclusive of fees);
Costs:	The purchaser will meet the Council's reasonably incurred legal and surveyor's fees; and
Maintenance:	The purchaser will be responsible for all future maintenance and upkeep of the site.

Measures of success

- 4.1 The disposal will remove an ongoing maintenance liability from the Council and the site, overgrown with shrubs and weeds, will be brought back into beneficial use by the purchaser.

Financial impact

- 5.1 The disposal will generate a capital receipt in the sum of £3,400 to the HRA in the financial year 2015/16.
- 5.2 The disposal will relieve the Council of future maintenance liability.
- 5.3 The Council's surveyors and legal costs arising from the transaction will be borne by the purchaser.

Risk, policy, compliance and governance impact

- 6.1 The purchaser has indicated that he has the necessary funds to complete the purchase, reducing the risk of the sale not concluding.

Equalities impact

- 7.1 An equalities assessment has been carried out, and there are no identified negative equality and rights impacts arising from this report.

Sustainability impact

- 8.1 There will be a positive impact on the environment when the site is cleared and brought back into residential use, and the maintenance of the site will be improved.

Consultation and engagement

- 9.1 The Housing and Regeneration Service has consulted with the South West Neighbourhood Office, Housing Property Services and local members and no objections have been received.

Background reading/external references

N/A

John Bury

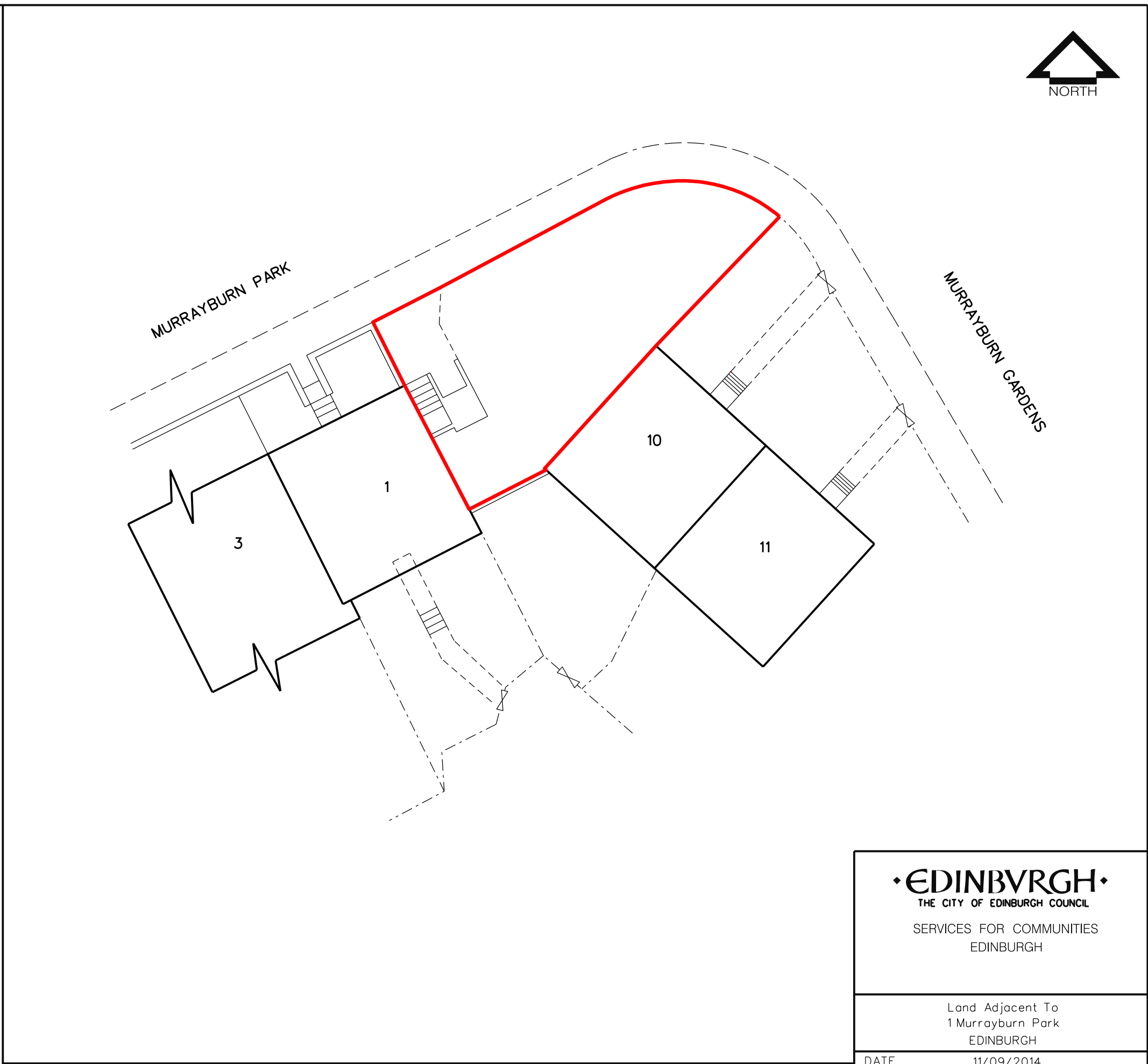
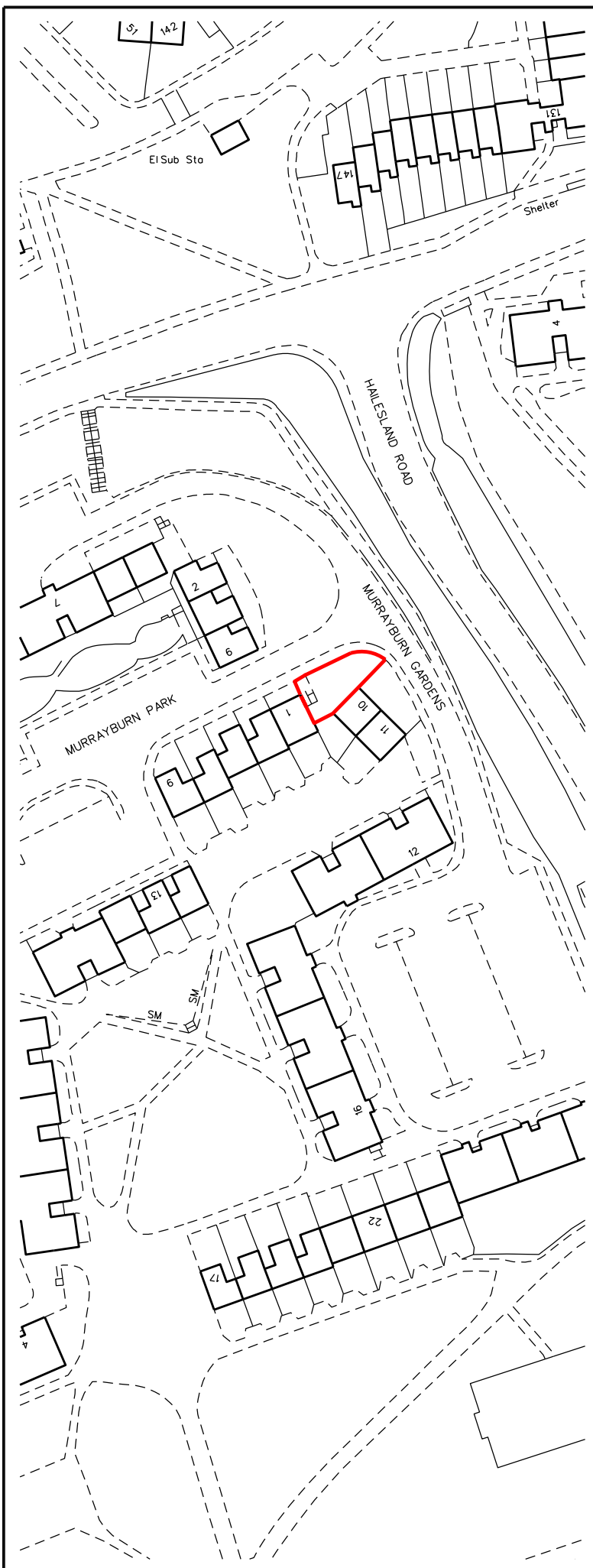
Acting Director of Services for Communities

Contact: Thuso Selelo

E-mail: thuso.selelo@edinburgh.gov.uk | Tel: 0131 529 5952

Links

Coalition pledges	P17 – Continue efforts to develop the city’s gap sites and encourage regeneration.
Council outcomes	CO16 – Well-housed People live in a good quality home that is affordable and meets their needs in a well managed Neighbourhood.
Single Outcome Agreement	SO4 - Edinburgh's communities are safer and have improved physical and social fabric.
Appendices	Appendix 1 - Location Plan.



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 SERVICES FOR COMMUNITIES
 EDINBURGH

Land Adjacent To
 1 Murrayburn Park
 EDINBURGH

DATE	11/09/2014
SURVEYED BY	NR/MB
DRAWN BY	NR/ FM
FILE NO.	
NEG. NO.	NT2070/A3/1350 A

AREA SHOWN DELINEATED RED - 153.18 sqm, or thereby

LOCATION PLAN SCALE 1:1250

SITE PLAN

SCALE 1:200

Finance and Resources Committee

2.00 p.m, Wednesday, 13 May 2015

Proposed Servitude for a Surface Water Drainage Pipe at Katesmill Road

Item number	8.4
Report number	
Executive/routine	Routine
Wards	9 – Fountainbridge/Craiglockhart

Executive summary

Merchiston Castle School is intending to install new synthetic pitches, which will increase the variety of sports and activities that the school can offer. The land where the pitches will be located, is currently subject to flooding due to the existing drainage networks failing at key points. This also affects the housing at Broomyknowe and Paties Road.

The School has consulted with Scottish Water, SEPA and the Council, and a sustainable design has been drawn up for a new surface water drainage system, which benefits the School and the local community. The School will carry out upgrading and maintenance works to the Water of Leith Walkway to the value of £15,000. All the works will be carried out to a method statement approved by the Council's Natural Heritage Service.

This report seeks approval to the grant of a servitude for the section of pipe which passes through land owned by the Council.

Links

Coalition pledges	P48
Council outcomes	CO4 , CO10 , CO19 , CO20 , CO22
Single Outcome Agreement	SO2 , SO4

Proposed Servitude for a Surface Water Drainage Pipe at Katesmill Road

Recommendations

It is recommended that Committee:-

- 1.1 Approves the granting of a servitude for a surface water drainage pipe, to drain land at Merchiston Castle School, on the terms and conditions as set out in this report, and on such other terms to be agreed by the Acting Director of Services for Communities and Head of Legal, Risk and Compliance.

Background

- 2.1 Merchiston Castle School is intending to install artificial pitches to increase the variety of sports and activities that can be offered, as well as providing a facility that can be used during adverse weather conditions.
- 2.2 The current drainage systems for the groundwater run-off are at capacity resulting in historic flooding issues for this area of land, and also the adjacent private housing at Broomyknowe and Paties Road.
- 2.3 Alternative solutions need to be found, and consultation with SEPA, Scottish Water and the Council have resulted in a proposal for a sewer to be laid which will drain the surface water into the Water of Leith. This solution will also mitigate the potential flooding in the general area.
- 2.4 The existing surface water sewer in Katesmill Road will no longer be utilised and therefore spare capacity will be released.
- 2.5 The new sewer will travel underground through the grounds of Merchiston Castle School, and Katesmill Road, then continue overland through Council land to the Water of Leith, contiguous with the existing sewer.
- 2.6 Merchiston Castle School has requested that a servitude be granted for the section of the sewer, which passes through the land owned by the Council adjacent to the Water of Leith.

Main report

- 3.1 The following are the main terms and conditions for the grant of a servitude which have been provisionally agreed with the school:
 - The route of the servitude is circled on the attached plan;

- The price for the servitude will be £1, subject to Merchiston Castle School carrying out upgrading and maintenance works, as specified by the Natural Heritage Service, to the Water of Leith Walkway at Katesmill at a cost of circa £15,000;
- The works to install the surface water sewer, and the upgrading works to the Water of Leith Walkway, will both be carried out to an approved method statement and overseen by the Council's Natural Heritage Service; and
- Merchiston Castle School will meet the Council's costs of completing the transaction up to a cap of £1,500.

Measures of success

- 4.1 Merchiston Castle School will be able to drain their sports pitches, which will allow them improved sports and activities.
- 4.2 Localised flooding in the area will be mitigated and residential properties in Broomyknowe and Katesmill Road will be better protected against future flooding risk.
- 4.3 The Water of Leith Walkway at Katesmill will be more robust through improvements and maintenance at no cost to the Council.
- 4.4 The people of Edinburgh will have continued access to an outdoor nature trail and a walking and cycling route.

Financial impact

- 5.1 The costs associated with the lease will be a premium of £1, if asked.
- 5.2 The maintenance of the pipe will be the responsibility of Merchiston Castle School.
- 5.3 The Council will be relieved of the cost of the maintenance improvements required to the Katesmill stretch of the Water of Leith Walkway to the value of £15,000.

Risk, policy, compliance and governance impact

- 6.1 There are not expected to be any risk, governance, compliance or regulatory implications arising from the proposals set out in this report.

Equalities impact

- 7.1 The proposals set out in this report will continue equality of opportunity by improving the city's walkways which are available to all.
- 7.2 There will also be positive impacts on rights to standard of living and health by improving the attractiveness of walking and cycling routes, and promoting healthier forms of travel.

Sustainability impact

- 8.1 The impact of this report in relation to the three elements of the Climate Change (Scotland) Public Bodies Duties have been considered, and the outcomes are summarised below. Relevant Council sustainable development policies have been taken into account and are noted at Background Reading later in this report.
- 8.2 The proposals in this report:
- may reduce carbon emissions as they contribute to the core objective of the Council's Active Travel Action Plan, to increase the number of people walking and cycling in Edinburgh, by improving the city's walking and cycling infrastructure;
 - will increase the city's resilience to climate change impacts as increased levels of walking and cycling in the city may reduce the need for motorised travel; and
 - will help achieve a sustainable Edinburgh through the promotion of healthier forms of travel.

Consultation and engagement

9.1 N/A

Background reading/external references

Active Travel Action Plan

http://www.edinburgh.gov.uk/info/20171/council-wide_services/341/transport_policy

John Bury

Acting Director of Services for Communities

Contact: Murray Sutherland, Estates Surveyor, Estates Services, Corporate Property

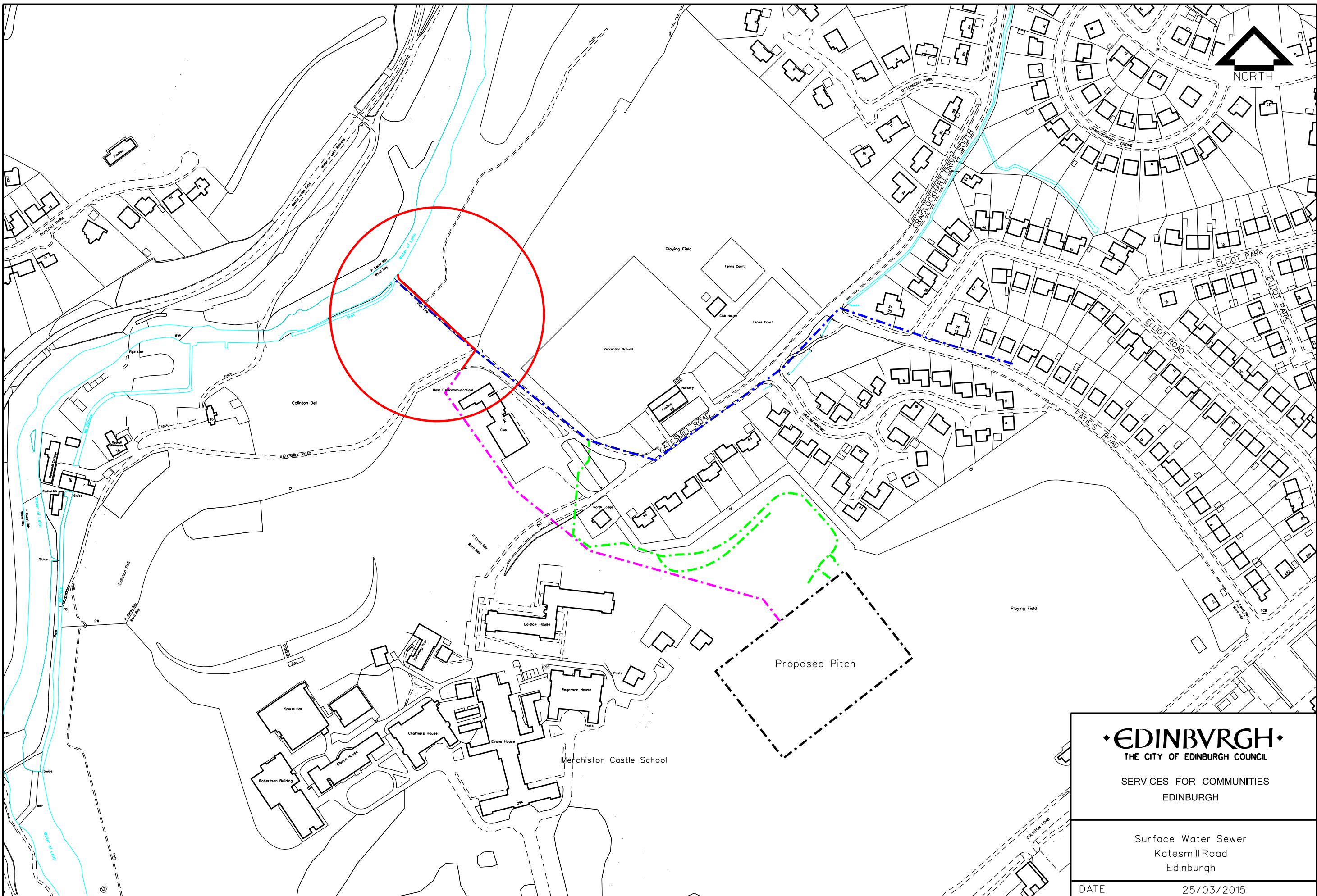
E-mail: murray.sutherland@edinburgh.gov.uk | Tel: 0131 529 5951

Contact: Jenny Hargreaves, Senior Natural Heritage Officer, Natural Heritage

E-mail: Jenny.Hargreaves@edinburgh.gov.uk | Tel: 0131 529 2405

Links

Coalition pledges	P48 – Use Green Flag and other strategies to preserve our green spaces.
Council outcomes	CO4 – our children and young people are physically and emotionally healthy. CO10 – improved health and reduced inequalities. CO19 – Attractive and Well-Maintained – Edinburgh remains an attractive city through the development of high-quality buildings and places, and the delivery of high standards and maintenance of infrastructure and public realm. CO20 - Culture, sport and major events – Edinburgh continues to be a leading cultural city where culture and sport play a central part in the lives and futures of citizens. CO22 – Moving Efficiently – Edinburgh has a transport system that improves connectivity and is green, healthy and accessible.
Single Outcome Agreement	SO2 – Edinburgh’s citizens experience improved health and wellbeing, with reduced inequalities in health. SO4 – Edinburgh’s communities are safer and have improved physical and social fabric.
Appendices	Location Plan.



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 THE CITY OF EDINBURGH COUNCIL
 SERVICES FOR COMMUNITIES
 EDINBURGH

Surface Water Sewer
 Katesmill Road
 Edinburgh

DATE	25/03/2015
SURVEYED BY	
DRAWN BY	F McDonald
SCALE	1:2500
NEG. NO.	NT 2169/A3/1570 A

PROPOSED SERVITUDE SHOWN COLOURED RED —————
 NEW SURFACE WATER SEWER SHOWN COLOURED PINK - · - · -

EXISTING SURFACE WATER DRAIN SHOWN COLOURED GREEN - · - · -
 EXISTING SURFACE WATER SEWER SHOWN COLOURED DARK BLUE - · - · -

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Finance and Resources Committee

2.00 p.m, Wednesday, 13 May 2015

Proposed Sale of Land at 12-24 Bothwell Street, Edinburgh

Item number	8.5
Report number	
Executive/routine	Routine
Wards	12 - Leith Walk

Executive summary

Downing Edinburgh Ltd (DEL) owns a site at Bothwell Street, and has approached the Council to acquire the adjoining Council site to incorporate into a wider student housing development.

The Council site is currently an area of overgrown open space. DEL intends to use the majority of the site as landscaped open space for use by both local residents and student occupiers.

This report seeks authority to sell the site to DEL on the main terms contained within the report.

Links

Coalition pledges	P17
Council outcomes	CO7 , CO8
Single Outcome Agreement	SO1

Proposed Sale of Land at 12-24 Bothwell Street, Edinburgh

Recommendations

It is recommended that Committee:-

- 1.1 Approves the disposal of the land at Bothwell Street, extending to 0.0929 Ha (0.229 acre) or thereby, to Downing Edinburgh Limited (DEL) on the terms and conditions outlined in this report, and on such terms and conditions to be agreed by the Acting Director of Services for Communities and the Head of Legal, Risk and Compliance.

Background

- 2.1 The site, as shown shaded red on the attached plan, is owned by the Council and extends to 0.0929 Ha (0.229 acre) or thereby. It is designated as open space but is assessed as low quality (CEC Open Space Strategy 2010). It comprises overgrown derelict land and has a substantial retaining wall on the north east boundary. The site is subject to fly-tipping and requires regular clearance by the local Neighbourhood Team.

Main report

- 3.1 DEL owns the adjoining site, shown outlined black on the attached plan, and has approached the Council to acquire its site to provide a comprehensive redevelopment of the combined site, comprising student accommodation and public open space.
- 3.2 DEL's site already benefits from a planning consent for residential development, and an application has been submitted for student accommodation.
- 3.3 The Council owned site would provide the majority of the open space for the development and DEL will undertake improvements to the site in the form of hard and soft landscaping. DEL will be responsible for maintaining the site as landscaped open space, and ensuring it is accessible to the public.
- 3.4 The purchaser will also take over ownership and responsibility for maintaining the retaining wall to Sunnyside, which requires repairs costing an estimated £78,000.
- 3.5 DEL will also be relocating and improving access to Bothwell Street and the new access will form an integral part of the City's cycle network.

3.6 Negotiations have taken place with DEL and the following main terms and conditions have been provisionally agreed:-

- Subjects: 0.0929 Ha (0.229 acre) or thereby;
- Purchaser: Downing Edinburgh Limited;
- Purchase Price: £45,000 exclusive of VAT and fees;
- Use: Open space/part development;
- Conditions: The purchaser will be responsible for carrying out repairs to the retaining wall to Sunnyside estimated at £78,000;
The purchaser will maintain the open space and allow access to the public at all times. Use will be restricted to open space apart from a small area to be developed for student housing; and
- Costs: The purchaser will meet the Council's reasonable legal and property costs.

3.7 The purchase price reflects the use as open space and significant repair costs of maintaining the retaining wall, together with the fact that only a small part of the site will include the proposed student housing development.

Measures of success

- 4.1 A derelict area of open space within a high density residential area will be brought back into beneficial use, with student accommodation and new public open space.
- 4.2 The Council will no longer require to carry out rubbish clearance from the area, and will be relieved of the long term maintenance responsibility for the land and retaining wall.

Financial impact

- 5.1 The Council will relinquish responsibility for maintaining an area of ground that includes a retaining wall (estimated repair cost £78,000).
- 5.2 A capital receipt of £45,000 will be received in financial year 2015/16 which will be credited to the general fund account, and the Council's Corporate Property and legal costs will be recovered from the purchaser.

Risk, policy, compliance and governance impact

- 6.1 This open space is not regularly maintained by the Council but the local Neighbourhood Team carries out periodic clean-ups. The land is zoned as open space of low quality, and the proposals met with support from local residents at consultation meetings for the proposed development.

Equalities impact

- 7.1 The sale of the land will provide accessible, maintained open space for people of all abilities in an area with a lack of open space. This will promote accessibility for all and wellbeing for neighbouring residents.

Sustainability impact

- 8.1 There are no sustainability issues from this report as DEL will maintain the land as part of its proposed student development.
- 8.2 The development of the student housing will be built to modern standards, and will comply with current building regulations to minimise impact on the environment.

Consultation and engagement

- 9.1 DEL is currently the only land owner who can utilise this site as it owns the adjoining site comprising vacant warehouse and workshops. DEL has consent for a residential development, and has also lodged an application for student housing that would see this site primarily developed as open space for use by both residents of the development and local residents.
- 9.2 Local residents have been consulted as part of the formal consultation process in determining both planning applications for residential and student housing use.

Background reading/external references

None

John Bury

Acting Director of Services for Communities

Contact: Richard Willson, Estates Surveyor, Estates Services, Corporate Property

E-mail: Richard.willson@edinburgh.gov.uk | Tel: 0131 529 4624

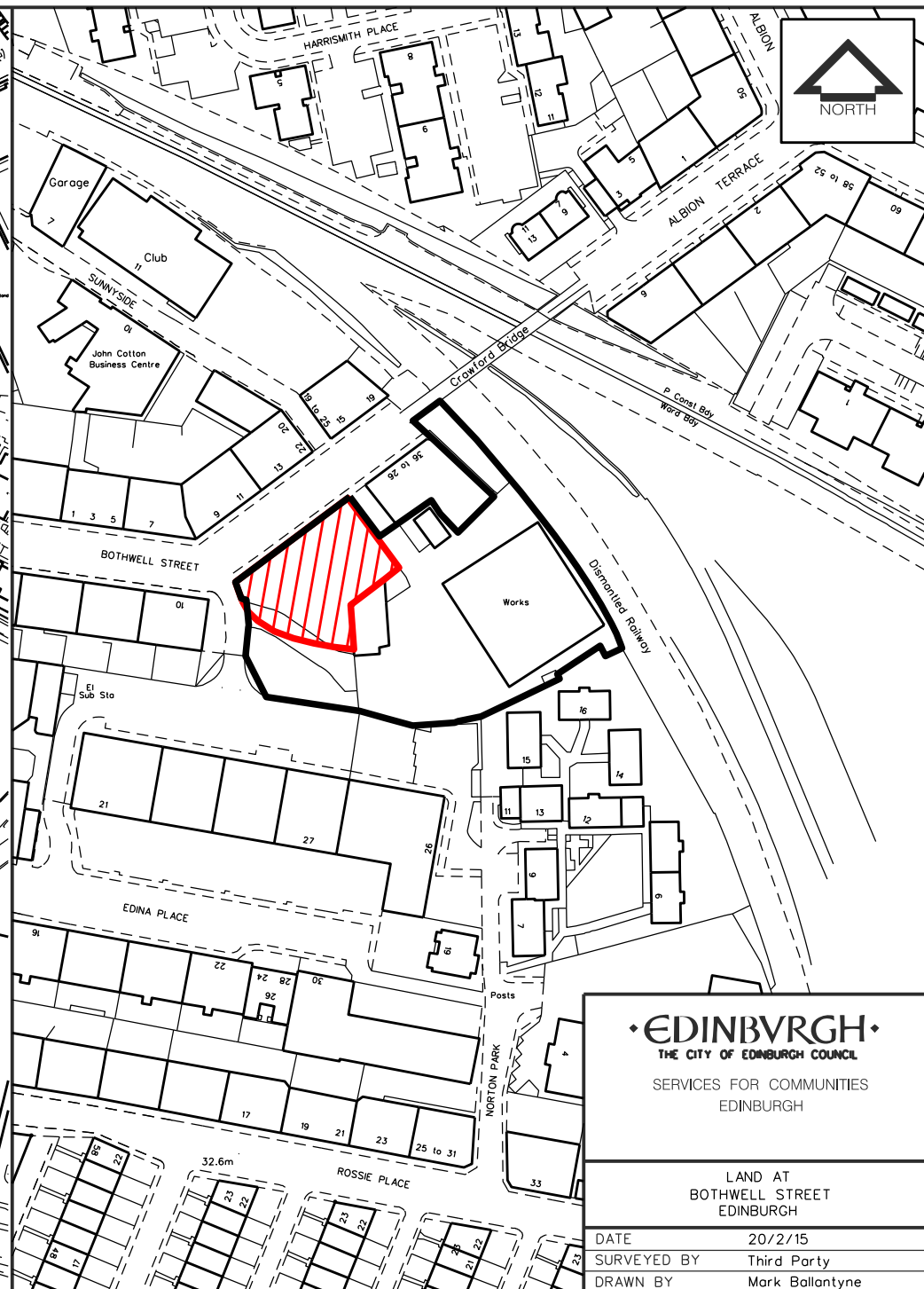
Links

Coalition pledges	P17 – Continue efforts to develop the city’s gap sites and encourage regeneration.
Council outcomes	CO7 – Edinburgh draws new investment in development and

	regeneration.
	CO8 – Edinburgh’s economy creates and sustains job opportunities.
Single Outcome Agreement	SO1 – Edinburgh’s Economy Delivers increased investment, jobs and opportunities for all.
Appendices	Location Plan.



LOCATION PLAN



SITE PLAN



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 SERVICES FOR COMMUNITIES
 EDINBURGH

LAND AT
 BOTHWELL STREET
 EDINBURGH

DATE	20/2/15
SURVEYED BY	Third Party
DRAWN BY	Mark Ballantyne
SCALE	1:500 @ A3 SIZE
NEG. NO.	A3/1555a

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Finance and Resources Committee

2.00 p.m, Wednesday, 13 May 2015

Balcarres Street Depot: Proposed sale to Lindemann Healthcare Ltd

Item number	8.6
Report number	
Executive/routine	Executive
Wards	Meadows/Morningside

Executive summary

On 15 January 2015, the Finance and Resources Committee approved the sale of the Council's surplus depot site at Balcarres Street, to an adjacent owner, Lindemann Healthcare Ltd, who would combine both interests to develop a care home and ancillary uses.

Committee approved the disposal subject to a condition that ensured nothing in the disposal should preclude the provision of access through the site to a footbridge over the rail line delivered as part of the Royal Edinburgh Hospital Master-plan.

The additional condition has been agreed in principle and, as the planning application has progressed to the point of detailed design, other terms and conditions have been revised. This report seeks approval to the provisionally agreed revised terms.

Links

Coalition pledges	P17 , P30 , P37
Council outcomes	CO7 , CO8
Single Outcome Agreement	SO1

Balcarres Street Depot: Proposed sale to Lindemann Healthcare Ltd

Recommendations

It is recommended that Committee:

- 1.1 Approves the sale of the former Depot at Balcarres Street to Lindemann Healthcare Ltd on the terms and conditions outlined in this report and on such other terms to be agreed by the Acting Director of Services for Communities in consultation with the Head of Legal, Risk and Compliance.

Background

- 2.1 The subjects are a former Council depot, which is surplus to operational requirements as a result of the ongoing Depots Review, as shown hatched red on the plan at Appendix 1.
- 2.2 On 15 January 2015, the Finance and Resources Committee approved the main terms and conditions for the sale of the subjects to Lindemann Healthcare Ltd for the development of a 42 bed care home with ancillary accommodation. In addition to the main terms and conditions, Committee approved that nothing in the disposal should preclude the provision of access through the site to a footbridge over the rail line delivered as part of the Royal Edinburgh Hospital Master-plan.
- 2.3 In the intervening period, the design of the proposed development has advanced allowing the purchaser and Council to agree to revise aspects of the conditionality, which simplifies the transaction and increases the capital receipt to the Council.

Main report

- 3.1 The original main terms and conditions approved by Committee were:-

Purchaser:	Lindemann Healthcare Ltd
Price:	£500,000 exclusive of VAT
Use:	Care Home and ancillary accommodation
Clawback and overage:	The Council would receive 75% of any additional value from a scheme greater than 42 beds and would

receive 50% of any uplift in value if the site is sold on undeveloped.

Use Conditions: The sale is subject to the purchaser obtaining planning consent for its development.

If part of the site is not required for the purchaser's scheme it will be retained by the Council.

The development should not preclude the provision of access through the site to link across the railway to the Royal Edinburgh Hospital Site.

3.2 The purchaser has progressed the design and content of the scheme and is now willing to waive the conditionality in planning and offer an enhanced purchase price. Consequently, provisional agreement has been reached on the following revised main terms and conditions:

Purchaser: Lindemann Healthcare Limited

Price: £795,000 exclusive of VAT. This is an increase of £295,000 reflecting the residential element of the scheme and changes to conditionality.

Use Conditions: The scheme will comprise a 42 bed care home, ancillary accommodation and 10 flatted residential units, which will utilise the entire site.

The sale is no longer subject to planning consent, and will have no suspensive conditions, e.g. abnormal etc. Consequently, the increased capital receipt is guaranteed once the sale contract is signed.

If the purchaser fails to commence the development, or appoint a contractor, within two years from the date of entry, the Council will have the option to reacquire the property at the above purchase price.

Access across the site to a possible bridge link across the railway, to the Royal Edinburgh Hospital site, will be preserved for five years from the date of entry.

Measures of success

4.1 The construction of a much needed care home contributing to the undersupply across the city.

- 4.2 A vacant site will be brought back into active use and will deliver a care home which will address the shortfall of existing bed spaces in the city.

Financial impact

- 5.1 A capital receipt of £795,000 to be received in financial year 2015/2016.

Risk, policy, compliance and governance impact

- 6.1 There are not expected to be any risk, governance, compliance or regulatory implications arising from the proposals set out in this report.

Equalities impact

- 7.1 The sale of the land will facilitate the development of a care home, specifically for users dependent on a high level of care. It will also be constructed to meet the highest levels of accessibility design in construction. Both of these issues have a positive impact on vulnerable elderly and dementia patients.

Sustainability impact

- 8.1 The development will meet current standards of sustainable construction. There are no on site environmental issues to report.

Consultation and engagement

- 9.1 Not applicable.

Background reading/external references

None.

John Bury

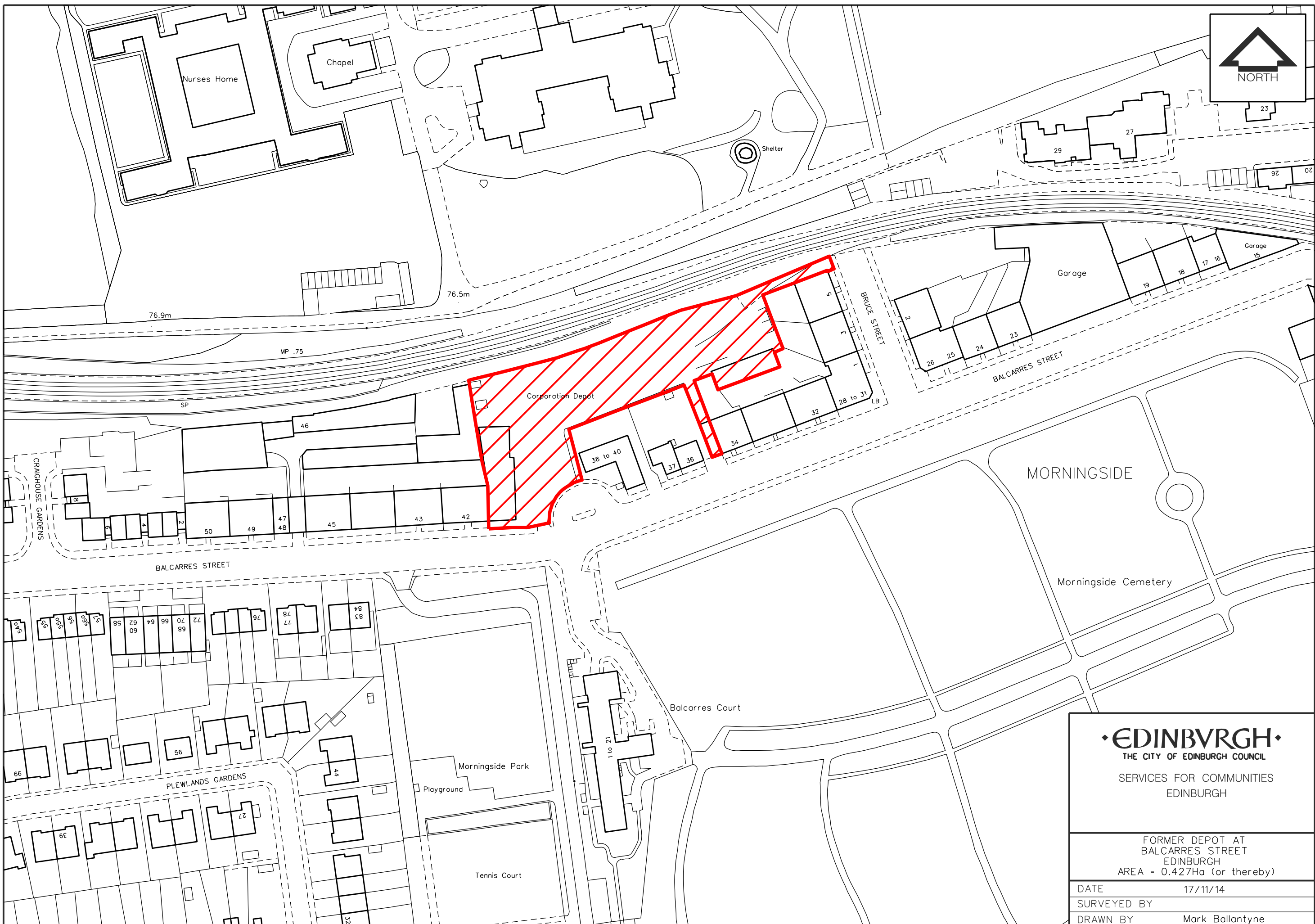
Acting Director of Services for Communities

Contact: Chris Jayne, Estates Surveyor

E-mail: chris.jayne@edinburgh.gov.uk | Tel: 0131 529 6528

Links

Coalition pledges	P17 – Continue efforts to develop the city’s gap sites and encourage regeneration.
Council outcomes	CO10 – Improved health and reduce inequalities. CO11 – Preventative and personalised support in place. CO12 – Edinburgh’s carers are supported. CO14 – Communities have the capacity to help support people. CO15 – The public is protected.
Single Outcome Agreement	SO2 – Edinburgh’s citizen experience improved health and well-being with reduced inequalities in health. SO4 - Edinburgh's communities are safer and have improved physical and social fabric.
Appendices	Appendix 1 – Location Plan



SITE PLAN

PHOTOGRAPHICALLY REDUCED NOT TO SCALE

• EDINBURGH • THE CITY OF EDINBURGH COUNCIL SERVICES FOR COMMUNITIES EDINBURGH	
FORMER DEPOT AT BALCARRES STREET EDINBURGH AREA = 0.427Ha (or thereby)	
DATE	17/11/14
SURVEYED BY	
DRAWN BY	Mark Ballantyne
SCALE	N.T.S
NEG. NO.	A3/1515